DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES

HOUSE OF COMMONS

THIRD SESSION—EIGHTEENTH PARLIAMENT

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VOLUME II, 1938

COMPRISING THE PERIOD FROM THE FOURTH DAY OF MARCH, 1938, TO THE SEVENTH DAY OF APRIL, 1938, INCLUSIVE

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1938

CANADA

House of Commons Debates

OFFICIAL REPORT

Friday, March 4, 1938

The house met at three o'clock.

CIVIL SERVICE COMMITTEE

First report of special committee to inquire into the operation of the Civil Service Act.—Mr. Pouliot.

RADIO BROADCASTING

PERSONNEL OF COMMITTEE TO CONSIDER ANNUAL REPORT AND REVIEW POLICIES OF CANADIAN BROADCASTING CORPORATION

Hon. C. D. HOWE (Minister of Transport): If I might have the unanimous consent of the house I move, seconded by the Minister of Pensions and National Health (Mr. Power):

That the committee appointed on the 24th February last, with the powers of a standing committee, to consider the annual report of the Canadian Broadcasting Corporation and to review the policy of the corporation, shall consist of the following members: Messrs. Ahearn, Barber, Beaubien, Bertrand (Laurier), Bouchard, Cote, Dupuis, Edwards, Factor, Hamilton, Power, Isnor, Johnston (Bow River), Lawson, MacKenzie (Neepawa), MacLean (Prince), MacMillan, Martin, Patterson, Ross (Moose Jaw), Turgeon, Wermenlinger and Woodsworth, and that the presence of at least nine members will constitute a quorum of the said committee.

Motion agreed to.

STANDING COMMITTEES

INDUSTRIAL AND INTERNATIONAL RELATIONS—MARINE AND FISHERIES—CHANGES IN PERSONNEL

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

That the name of Mr. McAvity be substituted for that of Mr. Hill on the select standing committee on industrial and international relations.

That the name of Mr. McAvity be substituted for that of Mr. Hill on the select standing committee on marine and fisheries.

Motions agreed to.

51952—66

ROYAL COMMISSIONS

GRAIN, TEXTILES, PENITENTIARIES AND EMPLOYMENT—INQUIRY AS TO TABLING OF REPORTS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, as this is the twenty-seventh sitting day of the session, I should like to know if the government will be in a position on the first of the week to tell us when we may expect the report of the grain commission, the textile commission and the penitentiaries commission—and also the final report of the late lamented employment commission; do not forget that.

VALIDITY OF ALBERTA STATUTES

POWERS OF DISALLOWANCE AND RESERVATION—ANSWERS OF SUPREME COURT TO CERTAIN QUESTIONS REFERRED BY GOVERNOR IN COUNCIL

On the orders of the day:

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, at the request of some hon. members I desire to lay on the table of the house six copies of the answers of the Supreme Court of Canada to certain questions, by way of reference by the governor in council of certain Alberta matters, and the reasons for such answers. The questions and answers are as follows:

Question. Is power of disallowance a still subsisting power?

Answer: Yes.

Question. Is power, if subsisting, subject to any restriction, and, if so, what is nature of restriction?

Answer: No.

Question: Is Bill No. 1, entitled an Act Respecting the Taxation of Banks, intra vires?

Answer: No.

Question: Is Bill No. 8, entitled an Act to Amend and Consolidate the Credit of Alberta Regulation Act, intra vires?

Answer: No.

Question: Is Bill No. 9, entitled An Act to Ensure the Publication of Accurate News and Information, intra vires?

Answer: No.

Question: Is power of reservation a still subsisting power?

Answer: Yes.

Question: Is power, if subsisting, subject to any restrictions, and, if so, what is the nature of restrictions?

Answer: No.

The court stated that the only restrictions on disallowance or reservation were the statutory restrictions contained in the British North America Act, and the limitations on the power of the lieutenant-governor contained in his instructions.

The opinion on every one of the references is unanimous.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I should like to ask the Minister of Justice, in view of the great interest taken throughout the country in the decisions handed down, if the text will be printed for distribution?

Mr. BENNETT: Print them in the votes and proceedings.

Mr. LAPOINTE (Quebec East): Yes, that might be done. Of course it is a pretty bulky document, but if the house would agree it might be printed in the votes and proceedings, for the convenience of hon. members.

CORONATION OATH

PERSONAL EXPLANATION OF MR. CAHAN RESPECTING ANSWERS TO QUESTIONS ON FEBRUARY 28

On the orders of the day:

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, I was unavoidably absent from the house on Monday last when the Prime Minister replied formally to a question I had asked with regard to the coronation oath. His reply has been interpreted by some members of the house, and some people outside the house, as raising a question of personal veracity between the Prime Minister and myself.

Mr. MACKENZIE KING: No, no.

Mr. CAHAN: I did not think that any such issue was raised.

Mr. MACKENZIE KING: Certainly not.

[Mr. E. Lapointe.]

Mr. CAHAN: But, as a personal explanation, I should like to say that in asking the question I was quite familiar with the statutory changes in the coronation oath since first prescribed by the Coronation Oath Act. I was familiar with the fact that originally the kingdom was referred to as the Kingdom of England, that upon the union in 1706 of the two kingdoms of England and Scotland the name prescribed by the statute was the Kingdom of Great Britain, and that by the act of 1800, providing for the union of Great Britain and Ireland, the name prescribed was the United Kingdom of Great Britain and Ireland. Since then there has been another change in that designation of the United Kingdom of Great Britain and Ireland, which, since the organization of the Irish Free State as a dominion, has been known as the United Kingdom of Great Britain and Northern Ireland.

But when referring to changes in the coronation oath, as administered on May 12, 1937, I was not referring to any such statutory changes, because former changes in the name to that of the United Kingdom of Great Britain and Northern Ireland were not, I conceived, changes in the terms of the oath. Those were statutory changes in the name of what was originally known, when the oath was prescribed by enactment, as the Kingdom of England. I was referring to other terms. I do not wish to raise any further question at the present time which would lead to any discussion, but I wish simply to say that in asking my question I was not considering statutory changes. I had in mind certain alterations which I did not conceive to be statutory alterations, and with this statement I am quite content. I was sure from the beginning that no question of personal veracity had been raised by the Prime Minister's reply.

I also notice that newspapers from the Atlantic to the Pacific allege that I, in my capacity as a member of the house, was deemed by the Prime Minister to be guilty of gross impropriety in asking another question. I infer that his reply referred to the form of my question, and not to any real impropriety in the question which I asked.

I have nothing further to say except that in reading the reply I did not believe that the Prime Minister was making any imputation with respect to my personality as a member of the house.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I am sure it is unnecessary for me to say to my hon. friend that no member of the house, and least of all myself, would make any reflection upon my hon. friend's veracity.

JAPANESE IMMIGRATION

QUESTION TO BE EXAMINED BY INTERDEPARTMENTAL COMMITTEE—INQUIRY IN BRITISH COLUMBIA BY BOARD OF REVIEW

On the orders of the day:

Mr. H. C. GREEN (Vancouver South): Mr. Speaker, may I direct the attention of the Prime Minister (Mr. Mackenzie King) to a Canadian press dispatch from Vancouver, dated yesterday, to the effect that the Minister of National Defence (Mr. Mackenzie) had announced in that city that the government intended thoroughly to investigate the Japanese problem in British Columbia. I should like to ask whether or not such is the case, and if so in what manner and to what extent an investigation will be made.

Mr. CHURCH: They will appoint another commission.

Mr. SPENCE: Hear, hear—another commission.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the hon. member was good enough to intimate to me that he would ask this question. As I indicated on February 17, the government has been investigating the question of surreptitious immigration into Canada, particularly on the Pacific coast. Officials of the interested departments have been considering the matter jointly and the government intends to intensify the investigation and do everything it possibly can to prevent anything in the way of illegal entry. In accordance with the statement made at that time the interdepartmental committee, consisting of representatives of the branches of the service chiefly concerned, namely, immigration, justice, national defence, labour, fisheries, statistics and external affairs, has been instructed to reexamine the whole situation and to report at an early date.

In addition it has been decided to appoint a board of review composed of representatives of immigration and the Royal Canadian Mounted Police and external affairs to carry on an inquiry in British Columbia. The board will not necessarily hold public sittings but will be prepared to receive representations from any persons claiming to have information regarding illegal entry and anyone having such information will be invited to present it to the board. These representations will be immediately investigated. A special detail will be assigned by the Royal Canadian Mounted Police to work in collaboration with the board to carry out a thorough check-up. The report of the board of review will be given immediate consideration by the government.

I might add that any persons found to have entered Canada illegally will be deported. On the other hand no person who has been legally admitted to Canada need have any apprehension.

An announcement will be made in due course of the personnel of the board of review.

Right Hon. R. B. BENNETT (Leader of the Opposition): May I ask whether it has been ascertained, as a result of the investigations that have been made, how many Japanese have entered this country illegally? Perhaps the minister is unable to give an answer at this time, but the question arises out of what has been said.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I would prefer to give an answer to my right hon. friend's question on Monday.

VALIDITY OF QUEBEC STATUTE

QUESTION OF DISALLOWANCE OF "ACT RESPECTING COMMUNISTIC PROPAGANDA"

On the orders of the day:

Mr. R. PELLETIER (Peace River): Mr. Speaker, is it the intention of the Minister of Justice (Mr. Lapointe) or the government to refer the so-called Quebec padlock law to the supreme court to determine whether it is intra or ultra vires?

Right Hon. ERNEST LAPOINTE (Minister of Justice): The legislation my hon. friend is referring to is being considered by the Minister of Justice along with the petitions which have been received in relation to it. Whatever the recommendation of the minister may be, it will be submitted to the governor in council.

BUSINESS OF THE HOUSE

PROPOSED ADJOURNMENT THIS DAY AT SIX O'CLOCK

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): While no request has been made, I understand that it will be appreciated by a number of hon. members of the house if when we adjourn this evening at six o'clock the house shall stand adjourned until Monday afternoon. It is the intention of the government to ask at six o'clock for an adjournment until that time.

Right Hon. R. B. BENNETT (Leader of the Opposition): Speaking for those who are associated with me, as well as on my own behalf, I desire to express grateful appreciation of the courtesy the Prime Minister (Mr. Mackenzie King) has extended to us in dealing with the adjournment at six o'clock as indicated.

BONE CREEK, SASK., FARMERS

LACK OF FEED FOR LIVE STOCK AND NEED OF RELIEF

On the orders of the day:

Hon. J. G. GARDINER (Minister of Agriculture): On February 25 the leader of the opposition (Mr. Bennett) brought to my attention on the orders of the day a matter to which he said he did not expect a reply at that time but at a later date. His representation was:

It is alleged that some seventy farmers of Bone Creek municipality have received only from fifty to sixty-five per cent of their winter hay. It is claimed that the last delivery was made on February 2, and that their live stock is starving. They have interviewed the council without result and have wired Mr. Taggart and Mr. Kember at Regina.

A few days ago I passed over to my right hon. friend a wire which I received and which I should like to place on the record. It reads:

Re municipality of Bone Creek. Municipality asked for forty-one hundred and thirteen tons. To date twenty-seven hundred and twenty-four tons have been shipped. Ten cars are in transit, thirty-two cars are on order and orders are being issued every day for more hay for this municipality. Our field man will make an inspection immediately.

The inspection has been made and I am informed that feed is now going forward in sufficient quantity to take care of the situation.

[Mr. E. Lapointe.]

HARBOUR COMMISSIONS

EXTENSION OF JURISDICTION OF WINNIPEG AND ST. BONIFACE HARBOUR COMMISSIONERS

Hon. C. D. HOWE (Minister of Transport) moved the second reading of Bill No. 32, to amend the Winnipeg and St. Boniface Harbour Commissioners Act.

He said: The purpose of this bill is to extend the jurisdiction of the Winnipeg and St. Boniface Harbour Commissioners to the waters of municipalities contiguous to the cities of Winnipeg and St. Boniface which desire to be brought under the act. The harbour limits now include the Red river within the boundaries of Winnipeg on the one side, and St. Boniface on the other. The municipality of East Kildonan has requested that the portion of the river fronting that municipality should be included. It is also probable that Kildonan West, Fort Garry and St. Vital will make similar applications. With the completion of the sewage system for Winnipeg it is expected that the Red river will be used more extensively by pleasure boats, and for that reason the city has asked the government to introduce this bill to extend the boundaries of the harbour commission.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Johnston (Lake Centre) in the chair.

On section 1—Municipality.

Mr. BENNETT: Has the minister any real meaning to give to the word "contiguous"? It has no exact legal meaning so far as I know.

Mr. HOWE: My understanding is that it means touching the city of Winnipeg.

Mr. MUTCH: Am I right in understanding that this bill will not change the present jurisdiction of the municipal councils?

Mr. HOWE: That is correct. If these municipalities decide to come in, each council will have the privilege of appointing one member to the board.

Mr. MUTCH: It is just enabling legislation.

Mr. HOWE: Yes.

Section agreed to.

Sections 2 to 6 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

INSPECTION AND SALE

PROPOSED REGULATIONS RESPECTING BINDER TWINE, SALT AND OTHER COMMODITIES

The house resumed from Thursday, March 3, consideration in committee of Bill No. 30, to regulate the inspection and sale of binder twine and salt, and to establish weight of bushel for certain commodities commonly sold by the bushel—Mr. Gardiner—Mr. Johnston (Lake Centre) in the chair.

The DEPUTY CHAIRMAN: When this bill was before the committee yesterday certain sections were allowed to stand.

On section 7—Reconditioned or rewound binder twine.

Mr. GARDINER: Mr. Chairman, part II of this bill was under consideration yesterday, and I asked the committee to rise and report progress in order that we might check back further. I realized from the discussion that we were more or less at cross purposes because of statements which had been made with regard to what is contained in other acts. I have since had those acts checked. This bill as it is now before the committee is for the purpose of repealing all parts of the Inspection and Sale Act which have been covered by other legislation. I found on further investigation that these sections with regard to salt are fully covered in the Food and Drugs Act and the Feeding Stuffs Act, and that there was no necessity for these sections to be retained in the present act.

The proposal now is to remove sections 13, 14, 15, 16 and 17 from the present bill, and pass the bill without Part II in it. That will require some further amendments in Part III afterwards. But I suggest that part II be dropped from the bill.

Mr. DUNNING: I move that part II of the bill be struck out.

Mr. PELLETIER: In clause 13 of part II mention is made of every sort of container and package. Why could not salt blocks be included in that designation?

Mr. GARDINER: Section 13 is now out.

Motion agreed to.

Mr. GARDINER: It will be necessary to amend section 19 to read:

> Every person who violates any provision of Part II of this act shall, for the first offence, be liable, on summary conviction, to a penalty not exceeding twenty-five dollars, and for each subsequent offence to a penalty not exceeding fifty dollars.

And it will become new section 14.

Mr. DUNNING: I so move. There will have to be a renumbering of the sections.

Mr. GARDINER: We have struck out sections 13 to 17. Former section 18 now becomes No. 13, and former section 19 will now become No. 14.

Amendment agreed to.

Section as amended agreed to.

On section 18—Manner of determining a bushel.

Mr. GARDINER: Regarding this section there was a question raised yesterday by the hon. member for Swift Current (Mr. Bothwell). We changed the wording above the list of articles, and the question was raised whether any offence could be proven with the wording we put in yesterday. I had that checked up and I am informed that the point taken by the hon. member for Swift Current was well taken. I suggest that the new section 13 in place of section 18 shall read:

> In contracts for the sale and delivery of any of the undermentioned articles the legal weights per bushel shall be as follows:

Mr. DUNNING: I so move.

Amendment agreed to.

Section as amended agreed to.

Mr. STIRLING: Is the minister satisfied that there is no confusion between the penalty prescription in clause 12 and the penalty set out in new clause 14? The penalty in clause 12 refers to persons charged with the enforcement of this act, the whole act. The penalty in new clause 14 refers to the violation of a provision in part II, and the penalty clause in section 10 specifically speaks of part I.

Mr. GARDINER: I judge from the wording that it is clearly defined. Section 12 says:

> Every person who obstructs an inspector or other person charged with the enforcement of this act from entering any premises to examine binder twine as provided by this part . . .

The same inspector might be enforcing the whole act. but this relates to when he is working under this particular part. I am letting third reading stand over, in any case, to have it all checked.

Bill reported.

WAR VETERANS' ALLOWANCES

EXTENSION OF ALLOWANCES TO INCLUDE CERTAIN OTHER CLASSES—ENLARGEMENT OF MEMBERSHIP OF BOARD

Hon. C. G. POWER (Minister of Pensions and National Health) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to amend the War Veterans' Allowance Act so as to extend the allowance payable thereunder to a class of veterans of the great war not presently the recipients of such allowances who, because of tangible or intangible disabilities and handicaps, are incapable of maintaining themselves; to include certain veterans of the South African war; to include among the classes of moneys non-deductible from allowance, pensions or grants accompanying certain military decorations; to provide for the avoidance of over-lapping of benefits payable under the War Veterans' Allowance Act and those payable under the Old Age Pension Act, and to enlarge the membership of the war veterans' allowances board.

Motion agreed to and the house went into committee thereon, Mr. Johnston (Lake Centre) in the chair.

Mr. POWER: It will be remembered that the War Veterans' Allowance Act was passed in 1930 to provide for the maintenance of veterans who are in necessity and because of age or incapacity were unable to provide for themselves. It was based on the assumption that the people of this country do not want to see its veterans in the bread-line or suffering hardship from lack of the necessities of life when they become too old or too disabled to work, even though their disabilities could not be proved to be a result of war service and consequently are not pensionable.

The act provided for a maximum allowance to a married veteran of $40 a month, provided he had reached the age of sixty or was so disabled as to be "permanently unemployable." In addition to this $40 per month, he could earn or receive from other sources $20 per month, giving him a total income of $60 a month. With the single veteran, the amounts were half the sums named. Since the act was based on the assumption that the terrific strain on those in battle during the last war would pre-age the veteran as compared with the civilian, the act provided that the veteran must have served in a theatre of actual war. It provided however that those who received small pensions, no matter where they served, would also be entitled to its benefits. It also provided that those who served in His Majesty's imperial forces and in the forces of His Majesty's allies should receive the same benefits provided they were domiciled in Canada when they enlisted.

The government at the time this act was enacted in 1930 knew that the cost of legislation would increase as years went by. As a matter of fact the cost in 1930 was $318,000, and during the last fiscal year it was $3,178,000. It will continue to increase for almost another twenty years. The expenditure at its peak in about the year 1957 is expected to reach twelve to thirteen million dollars and will look after approximately 35,000 to 40,000 veterans. At the present time 12,800 veterans are in receipt of the allowance and $4,500,000 will be required to make provision for the recipients under this act during the next fiscal year, although a supplementary vote will be asked for to cover those it is proposed to bring under this amendment.

It has been stated that the legislation was originally enacted to provide for the veteran of sixty and the veteran who was "permanently unemployable." "Permanently unemployable" has, broadly speaking, been interpreted to mean totally incapacitated. After the act had been functioning for six years it became apparent that there was another class of veteran for whom the act did not provide but who was incapable of maintaining himself. For the main part it was found that this veteran was in his late fifties; he had not quite reached the age of sixty, and he did not have sufficient disability to classify him "permanently unemployable." Yet he was physically older than his years, and because of his pre-aging found it difficult to secure employment. The act was therefore amended in 1936, bringing in a third and additional class. The amendment provided for the man who, "having served in a theatre of actual war, has attained the age of fifty-five years and is in the opinion of the board incapable of maintaining himself because of disability, pre-aging and general unfitness." Over 1,100 veterans have been granted the allowance as the result of this amendment of 1936.

It is now proposed by this legislation to broaden the act still further, so as to enable the board administering it to provide for any veteran, regardless of his age, who cannot maintain himself because of industrial as well as physical incapacity or inadequacy. I refer to the veteran who is only partially disabled but whose tangible or intangible disability, combined with certain economic or industrial handicaps, such as having been unemployed for a long time, render it extremely unlikely that he will be able to maintain himself again.

The amendment will empower the board to award the allowance to any veteran, having

served in a theatre of actual war, who because of a combination of conditions and circumstances is not likely again to become self-supporting, and it will exclude only those veterans who are physically fit to maintain themselves as and when work is available to them.

The veterans' assistance commission, whose report was recently tabled, found there were approximately 15,000 veterans unemployed throughout the dominion who had service in a theatre of actual war and were unprovided for by pensions or allowances. They classified these veterans into three groups, "fit," "partially fit" and "unfit." Over 10,000 of these veterans were classified by the commission as being "fit" and 5,171 were classed as "partially fit" and "unfit." It is this group of just over 5,000 veterans that the amendment contemplates providing for, subject of course to investigation and approval by the board. The anticipated annual cost will be about $2,000,000.

Summarizing the situation, therefore, it may be said originally the act provided for the veteran of sixty and the totally incapacitated veteran. Later it was broadened enabling the board to give special consideration to the veteran over fifty-five. Now it is proposed to amend the act further to the end that the board administering this legislation is empowered to grant the allowance to any veteran, regardless of his years, who in its opinion, because of economic conditions and handicaps combined with disabilities, is unlikely again to become self-supporting.

It may be said that in passing this legislation we shall be fulfilling to the utmost the requests of the returned soldiers themselves as expressed through the dominion convention of the Canadian legion held in Fort William early in February when a resolution was passed on the subject of cash bonus to veterans of the Great war. The resolution reads in part:

> That this convention endorse the resolution passed by the dominion executive council to the effect that it is unalterably opposed to the principle of any bonus for service in the great war, conceiving it to be the responsibility of the government of Canada to adequately provide only for those disabled as a result of war service and dependents and dependents of the fallen and to ensure adequate assistance for those who saw service in a theatre of actual war and who are now by reason of economic conditions combined with their disability, tangible and intangible, resulting from war service, unable through no fault of their own to secure employment.

With respect to this resolution I submit that provision has already been made through pension legislation to "care for those disabled as a result of their service and dependents and the dependents of the fallen," and I further submit that this amendment is intended for and will take care of those who "by reason of economic conditions combined with their disabilities, tangible and intangible, are unable to secure employment."

The veterans' assistance commission, with regard to the War Veterans' Allowance Act recommended as follows:

> That the act be amended by removal of age fifty-five years where it refers to the granting of an allowance because of disability, pre-aging and general unfitness, and that it be amended further so as to permit a more liberal interpretation of legislation covering the granting of the allowance at any age to a veteran who saw service in a theatre of actual war and who because of his unfit condition or other handicaps is unable to maintain himself.

This recommendation is being fully implemented by this amendment, and moreover, certain classes of veterans with respect to whom recommendations were made by the commission involving lesser allowances will now, by this amendment, be provided for under the War Veterans' Allowance Act which provides a more generaus scale of assistance.

I have no hesitation in stating that with this amendment the War Veterans' Allowance Act of Canada will be broader in its scope and more generous in its terms than similair legislation in any other country.

It is also provided, in accordance with the undertaking given last year that if it was feasible to do so it would be done, that South African veterans shall be brought within the provisions of the War Veterans' Allowance Act. While it was very difficult to get at the exact figures, it is estimated that this will cost approximately $30,000 to $50,000 per annum.

It is also provided that, in view of the increased amount of work placed on the shoulders of the members of the board, the board be enlarged from three to five members.

Provision is also made for the exemption of the grants which accompany certain decorations such as the Victoria cross and the distinguished conduct medal. These grants, as hon. members know, amount in the case of the Victoria cross to approximately $50 per annum, and a somewhat lesser amount accompanies the distinguished conduct medal. There was no legislation providing for an exemption in respect of these amounts, and it is now provided that there shall be.

Mr. H. C. GREEN (Vancouver South): I have no wish at this stage to start a debate on this resolution, particularly since the government, like St. Paul on the road to Damascus, has apparently now seen a great light

and is adopting a suggestion that we have pressed earnestly upon it during the last two sessions. However, I should like to have a more complete report from the minister. He has referred to five thousand of the fifteen thousand unemployed veterans who served in a theatre of actual war, but he has said nothing about the other ten thousand who are fit and whose plight was very fully dealt with in the report of the veterans' assistance commission. The recommendation was made that they should be paid a provisional economic allowance. On February 15, I asked the minister a question—which appears at page 493 of Hansard and is as follows:

Mr. Green: If the minister is not prepared to make a statement to-night with regard to the recommendations of the veterans' assistance commission, how soon will he be ready to make that statement?

Mr. Power: As I have already stated, within a week or ten days.

That was the answer the minister made then, and he has had twice that length of time in which to make the statement. Can he now tell us what is to be done about the other recommendations of the veterans' assistance commission?

Mr. POWER: I do not know that I am under any obligation to make such a statement on this resolution leading to the introduction of a bill, because we are fully implementing and more than implementing one recommendation. I do not think there is any reason why we should be called upon to deal with fifteen or twenty recommendations, some of which have no relation to this bill.

Mr. GREEN: Perhaps the minister could deal with the recommendation with respect to the provisional economic allowance. That is the main recommendation in the report, and if he will deal with that alone I think that we shall be satisfied.

Mr. POWER: To some extent I am dealing with the provisional economic allowance. The commission recommended, in one part at least, that a great many of these men—five thousand of them who are going to be covered by the war veterans' allowance—should receive a provisional economic allowance amounting to $18.75 per month for single men and $30 for married men. This bill will give $20 to the single men and $40 to the married men, so that in that respect it is more generous than the recommendation made by the veterans' assistance commission. I have no objection to laying down principles in so far as this bill is concerned. This bill will not deal with the one hundred per cent fit man. Most hon. gentlemen will agree with me in considering that the one hundred per cent fit man is not the responsibility of the federal government. If he is out of work at the present time it is due to economic causes and not to war causes. If a man is absolutely fit to work it is extremely difficult to attribute his unemployability to his war service. But it is intended by this bill to cover everybody who can in any way attribute his present unemployability to the war, who is suffering from a disability which may be intangible, who, in other words, is possibly washed up, burnt out, who has not been able to obtain employment for the last few years. That man will come under the provisions of the bill. If, however, a man is absolutely fit and can take a job if one is offered him, he is not considered to be a responsibility of the government under the War Veterans' Allowance Act.

Mr. NEILL: Is there to be an age limit?

Mr. POWER: None whatever.

Mr. GREEN: Are we to take it from what the minister has said that the government is against the finding of the commission as set out at page 63 of the report in the following words:

. . . the commission has come to the conclusion that it can do no less than recommend that the dominion government accept responsibility for all indigent unemployed veterans who were domiciled in Canada at the date of enlistment and who saw service in a theatre of actual war.

Mr. POWER: The government is accepting responsibility for the fit man by endeavouring to find employment for him. As a matter of fact through the instrumentality of the veterans' assistance commission during the past year it has accomplished the following:

Employment—

Permanent placements	2,210
Temporary placements	4,784
Casual placements	4,329
Total	11,323

Probational Training—

Commencements		598
Discontinued	79	
Employed as trained	263	
Employed otherwise	10	
Tourists' guides	45	
Not retained by employer	40	
Still on training	161	
Total		598

Corps of Commissionaires—

The appointment of a board of governors in Montreal led to the appointment of boards of governors and divisions of the corps in leading centres throughout the dominion.

Actually since the corps was organized last year 48 commissionaires have been permanently

placed and 67 have secured temporary employment. This is exclusive of the excellent divisions which have been functioning in Vancouver and Toronto for some years.

Projects and Schemes—

Montreal.

The workshop gives employment to 80 men at present and since it was started in February, 1937, 329 have been reconditioned in that workshop for permanent placement in other industries.

Toronto.

Fourteen veterans and their families were established on experimental small holdings last year and the venture gives the committee every encouragement of success.

A grant was made to "Poppy Fund Incorporated" to assist towards the purchase of new premises.

This factory at present employs 83 veterans.

Windsor.

Twenty veterans and their families are being settled on an experimental small holdings project and of these six are now settled on the property.

Winnipeg.

Twelve veterans and their families have been established on experimental individual small holdings.

Regina.

A workshop was started on the 1st September, 1937, and so far has operated very successfully.

Moose Jaw.

A small grant was made to the committee to assist towards the operation of a workshop which has been operated for a few years with a fair degree of success, but lacked the necessary funds.

Vancouver.

Grants have been made to assist towards schemes which have for their objective the principle of becoming self-supporting and to give employment to a number of veterans. These schemes are:

(1) Veterans' auto parking and protective corps.
(2) Residential night patrols.
(3) Veterans' industrial first aid.
(4) Parking spaces and auto service.

In connection with the amputations placement service, a small grant was made to a subcommittee for the purpose, and the honorary local committees, who have done a great deal of good work during the past year, are being continued in office. It is proposed that they be continued during the next year.

Mr. GREEN: I have no wish to reflect upon the work done by the honorary committees, but I take it from what the minister has said that the government has no intention of adopting the suggestion that there should be a provisional economic allowance.

Mr. POWER: Certainly not under this legislation.

Mr. GREEN: Is it proposed to act on the recommendation during this session, to bring in legislation to carry out the report of the commission?

Mr. POWER: That can be more fully discussed under the item in the estimates providing for unemployment assistance. At the present moment we are dealing with a certain class of veterans under the legislation which we now propose.

Mr. GREEN: The minister said clearly the other day that he would tell us the stand of the government with regard to this report of the veterans' assistance commission, and we ask to-day that he at least make a statement with respect to this one point, whether or not there will be a provisional economic allowance.

Mr. POWER: I said that I would introduce a bill and a bill is being introduced.

Mr. GREEN: Are there more bills coming up?

Mr. POWER: I wonder whether the hon. gentleman likes the resolution or not? Does he object to it? If he does not, perhaps he will let me get on with it so as to disclose fully the provisions of the bill. We shall have ample time to discuss any extraneous matter during the session.

Mr. GREEN: The minister will not say whether or not the government will bring in a bill to provide for a provisional economic allowance?

Mr. POWER: Under this legislation no man who is one hundred per cent fit will be looked after. I cannot make it any plainer than that. All those who are partially fit or unfit will be looked after under the provisions of this legislation, but if a man is one hundred per cent fit he will not be looked after.

Mr. MacLEAN (Prince): I think if there is one resolution of all those introduced this session or in past sessions on which we could compliment the minister, it is the resolution now before us. To my mind this legislation proposes to deal with just that class of men who have been neglected and who could not be brought within the four corners of the Pension Act. This will give the war veterans' allowance board a chance to deal with hundreds of cases of men completely disabled, men who find it impossible to get assistance because they cannot prove to the satisfaction of the commission that their disabilities are due to war service. I know the hon. member for Vancouver South (Mr. Green) will approve of this measure also. He has always been very fair in matters of this kind, and I do not

believe the little thrust he made at this government, when he said that at last it had seen the light, was really worthy of him.

Mr. GREEN: It sees the light so seldom that I had to remark on the fact.

Mr. MacLEAN (Prince): I think in all fairness it should be said that all governments regardless of which party has been in power, have endeavoured to do the very best they could for the returned men, having regard to the financial situation and their ability to deal with the question, and I believe this proposed legislation will measure up to all our expectations in this regard.

Mr. PELLETIER: I desire to congratulate the minister on bringing in this resolution, and I agree with the legislation as far as it goes. I understand that this is not the time to debate these questions at length, but since the bill will be based upon this resolution I think the minister might very well give us a little more explanation in order that we may be able to discuss the bill intelligently when it is brought in.

For example, it is stated that the new bill proposes to include certain veterans of the South African war. For one thing I should like the minister to explain what he means by "certain veterans." I should like an explanation of the word "certain." In the second place. I see that pretty well all those suffering from war disabilities are going to be looked after, but I see absolutely no mention of ex-prisoners of war. I thought perhaps the minister might make it clear whether it is the intention that veterans of that class shall be dealt with under this legislation.

Mr. MULOCK: We could discuss this bill more intelligently if we saw what it looked like. The minister has explained the purposes of the bill, and we can discuss its provisions when it is laid before us. We should give the minister an opportunity to introduce it, and in that way we might save time.

Mr. PELLETIER: I should like to have an answer to the question I asked. What does the minister mean by the word "certain?"

Mr. POWER: The moment this resolution passes I intend to ask for permission to introduce the bill, and it will be distributed. If my hon. friend will possess his soul in patience for another ten minutes we can get the bill introduced.

[Mr. A. E. McLean.]

Mr. TUSTIN: This resolution refers to the War Veterans' Allowance Act, and provides that veterans of the South African war may be looked after as well. But I do not see anything in the resolution with reference to nursing sisters. I should like to ask the minister whether nursing sisters are covered.

Mr. POWER: They will be included.

Mr. McLEAN (Melfort): There is a small class, not very numerous, that I think might be worthy of a little consideration. Men who did not serve in an actual theatre of war are not included under this measure, and I think that is quite correct. They did not suffer in the same way as the others did, but a number of nursing sisters who worked hard and perhaps had to bear a certain amount of risk are perhaps as deserving as those who actually served in a theatre of war. The only difference is that patients were brought to them; they did not go to the patients. Could the minister give a little consideration to this small class of very needy and very deserving veterans of the great war?

Mr. QUELCH: I am very much in favour of the general principle of this resolution, but I realize that from the point of view of the veterans the success of this measure is going to depend in large measure upon the sympathetic consideration that is given the applications by the war veterans' allowance board. I think we can safely say that in the past we have received fairly sympathetic consideration from that board, and if the same treatment is accorded in the future we can have every reason to believe that the bill will reach its objective. I wonder if the minister could tell me how many applications were made under the new class; that is, those over fifty-five years of age? How many applications were refused and how many were granted?

Mr. POWER: I have not that information at the moment, but I shall be glad to give it when the bill is in committee. Roughly speaking, however, I can say that about fifty per cent of the applications made for war veterans' allowances are granted, and I quite agree with my hon. friend that it throws a heavy burden on the discretion of the board.

Resolution reported, read the second time and concurred in. Mr. Power thereupon moved for leave to introduce Bill No. 35, to amend the War Veterans' Allowance Act.

Motion agreed to and bill read the first time.

SUPPLY

The house in committee of supply, Mr. Johnston (Lake Centre) in the chair.

DEPARTMENT OF TRANSPORT

Suppression of local electrical interferences, $205,478.

Mr. NEILL: I should like to ask the minister a question which I think I brought up last year, or when he had some bill before the house. There is a feeling that the inspectors do not have sufficient—in fact I do not think they have any—mandatory power in correcting local disturbances. A man has some kind of electrical machine which is a perfect curse to the whole community. The inspectors, who are very competent men, go around and find that out. They approach the man about whom the complaint has been made and suggest that a change be made, at perhaps small cost. If these changes are made—and in most cases they are, because people are fundamentally decent—it is all right; but there is the odd case of the man who will not do it. I suggested last year and again suggest that it would be advisable to clothe these inspectors with power to compel people in default to do as they are told, or to have them fined.

Hon. C. D. HOWE (Minister of Transport): When the act of 1936 was passed we took almost unlimited power. If we found there was interference with broadcasting in Ottawa, we could even go so far as to close down the Ottawa Electric Railway Company. I cannot say whether the mandatory powers are used as much as they should be. Of course we try to effect results without compulsion, but if compulsion is necessary we have ample power to shut down any machine which causes radio broadcasting difficulties.

Mr. NEILL: Has the minister any record of prosecutions, or action of that kind, during the last year?

Mr. HOWE: We have not taken action under that section of the act.

Mr. NEILL: But I suppose you can use it as a threat?

Mr. HOWE: We are doing that constantly.

Mr. PELLETIER: I notice there is an increase of $11,972, in the vote. I imagine that that increase is necessary because of the development of radio in Canada, and because more inspectors and administrators are required. On the other hand I believe a useful purpose would be served if the minister would tell the committee exactly to what individual one should go to request the suppression of local electrical interference. With whom must a person get in touch, and how is one to follow up his complaint in order to see that the suppression is carried out? I ask the question because a number of people in the smaller towns do not know what to do about the electrical interference affecting their towns. Many of them are not aware what steps should be taken, to whom they should address their correspondence, or how far they can go towards having improvements made.

Mr. HOWE: There are fifty-two officers engaged from coast to coast in Canada in that kind of work. A letter addressed to the radio branch of the Department of Transport in any of the principal cities, or one addressed to the radio branch of the Department of Transport at Ottawa, or to myself—many people write me about it—would have the desired results. When I receive a communication of the kind I forward it to the inspector, who traces down the complaint as rapidly as his work will permit. I have found out that our service is fairly prompt. Usually when a complaint is made the local interference branch can effect an immediate improvement.

Mr. PELLETIER: Is any cost involved in a request for assistance from the department?

Mr. HOWE: No.

Mr. HEAPS: Will matters pertaining to radio broadcasting come under the review of the committee which has been appointed?

Mr. HOWE: I presume the matter under discussion could be included in the work of the committee, because interference is closely connected with broadcasting.

Mr. HEAPS: Members of the special committee would have a much better opportunity for discussion, if one is afforded, in the committee than they can have in committee of the whole. If the administration of the department is under examination, officials can appear and tell what is being done in practically every broadcasting activity.

Mr. HOWE: We shall be pleased to have officials present to discuss radio interference. Perhaps I should make a statement with respect to interference. It may be known to hon. members that there is a cycle of sun spots, an eleven-year cycle, and this year the cycle is in its worst phase so far as radio interference is concerned. Last year it was very bad, but this year it is at its worst. The consoling thought is that next year we

shall advance towards an improvement, and as a result the interference will be less than it is at the present time. We are trying to keep man-made noise down to a certain level. Below that level there is always noise which is received on the radio receiver provided that the receiver is turned on sufficiently. With poor reception, due to the present condition of sun spots, it is often necessary to increase the volume considerably in order to get a distant station; when that is done a level of noise is broken into which we cannot and do not attempt to control, and the result is very poor reception. I mention these points because a great many people are saying, and with reason, that reception this year is worse than it has been. That is the position so far as the suppression of noise and interference is concerned. I believe we are carrying out our work to a proper degree, but the fact that reception is poor arises out of a condition which is somewhat worse than we have had in the past few years.

Mr. MacNEIL: What facilities exist in Vancouver to deal with interference resulting from electrical appliances? How many officials are appointed to do the work, and how far do their districts extend?

Mr. HOWE: Our Vancouver office covers the whole of British Columbia. At that point there are two interference cars, and a staff of four. The cars are equipped with the latest equipment for tracing interference, and are kept very busy in the area.

Mr. MITCHELL: Which of the fifty-two offices mentioned by the minister is located near Medicine Hat, Alberta?

Mr. HOWE: There are officers at Moose Jaw and two at Calgary.

Mr. MITCHELL: People in Medicine Hat are experiencing considerable difficulty through interference. At that point the radio corporation retains a man who, if my memory serves me correctly, receives something like $15 a month. He gives all his ordinary time to his own work, and trouble-finding is only an out-of-hours occupation for him. I believe he also sells licences. The results are very unsatisfactory. We rarely see a trouble car in the vicinity. There is no place to which we can phone to get assistance, and the people in the locality feel that adequate attention is not being given to the matter and that they are not getting proper value for the licence fees they pay. What can we expect in the future?

[Mr. Howe.]

Mr. HOWE: May I correct my former statement by stating that, as indicated by the hon. member, we do have a part-time man stationed at Medicine Hat. He does what he can to trace interference, and when the difficulty is beyond his capability he calls in a trouble car. This service has no connection with radio licence fees. It is paid for by a vote of parliament, whereas the licence fees go to pay for the broadcasts. I shall be glad to look into the situation at Medicine Hat and see if some improvement cannot be made.

Mr. MITCHELL: If the man was paid enough by the government to make it worth his while to spend all his time on that work, there is plenty there to keep him busy.

Mr. MacNEIL: I should like to urge upon the minister an extension of the service to the suburban areas around the city of Vancouver. I refer particularly to West Vancouver, North Vancouver and North Burnaby. I have received numerous complaints from people who say that there is serious radio interference from defective electrical appliances, so much so that at times it is impossible to get the local stations. They say that this matter has been reported to the local departmental officials. A car was sent into the district but it was not possible to have it remain a sufficient length of time to trace down the source of trouble. The officials informed those who are in correspondence with me that they are so under-staffed and their facilities so meagre that they are unable to deal effectively with the trouble. Many of these people live adjacent to industrial plants and other institutions, and they feel that a check-up should be made of possible defective electrical appliances. Will it be possible with the increase in this vote to extend the service into the suburban areas around the city of Vancouver?

Mr. HOWE: We appreciate that another radio car is needed in British Columbia and we shall endeavour to provide it before next summer.

Mr. ROSS (St. Paul's): What are the duties of the temporary assistants?

Mr. HOWE: A portion of those employed in the government service are temporaries. So far as radio cars are concerned, the civil service commission has ruled that the drivers shall be considered as temporary employees. They are all engaged in this work and there is really no difference between the temporary and the permanent employees.

Mr. MARSH: I should like to hark back to what the minister said a moment ago about the effect of sun spots upon radio reception. If research along these lines has been started, I would suggest that it be continued; if it has not been started, it should be instituted as soon as possible. If we are going to wait for the sun to stop having spots we may have to wait quite a little while. The cycle of maximum sun spots is eleven and one-third years, but the maximum is not reached in any one year. The years 1935, 1936 and 1937 saw increasing sun spot disturbances, and it is claimed that the peak will be reached during this year. The years that follow, 1939, 1940 and 1941, will show these spots on the down grade, but there will still be an appreciable number of sun spots visible, and therefore plenty of radio and magnetic disturbance. This will be so if the research work carried on for the last fifty years by astronomers is correct, and I think it is. Research work is being carried on in the United States and in Europe, but I think something should be done here in its relationship to radio reception. While Joshua commanded the sun to stand still, I do not know whether the Minister of Transport with all his fine ability can prevail upon it successfully to stop having sun spots. In any case, this is a problem that will have to be met.

Mr. HOWE: We have tackled the problem in another way. Sun spots interfere only with long distance reception and we are bringing in such excellent local programs over the CBC that all necessary entertainment can be obtained from the local station.

Mr. JOHNSTON (Bow River): Last summer two petitions were presented to me in connection with radio interference, and I went into Calgary to see the radio man, I believe his name is Mr. Ainsley. He received me courteously and sent a trouble man to my district on three different occasions. This man, whose name was Mr. Stunden, was a very fine fellow. We went around and we found twenty-two electrical appliances that were faulty; they did not have the necessary filter condensers to overcome radio interference. The owners of these appliances were informed that they were causing radio interference and were asked to have them fixed. This man told me how in another town he had asked a man to fix up some electrical apparatus and he replied that he would not do it. That was all there was to it. He told me he would return to my town in a couple of weeks to see what had been done. When he returned we went around and we found that only one out of the twenty-two had decided to put in a condenser; the others had made no attempt whatever to get rid of the radio interference. He then told me that they had no power whatever to make anyone correct an apparatus or appliance which might be causing interference, and asked me to put before the department the conditions under which they were working. I do not think these men should have to make more than one trip. I was informed that at times they have to make as many as three trips in an effort to have interference eliminated. People who are causing interference should be informed and then if it is not eliminated, something should be done. These officials should be able to apply some sort of force.

Mr. HOWE: We are a very patient department, but sometimes our patience may be exhausted. We may drop in and fine these people. If we do I hope the hon. member will not come around to get the fines remitted.

Mr. TUSTIN: Would these fifteen inspectors include district inspectors?

Mr. HOWE: The men listed here are engaged in this particular service. There is a district service under the Radiotelegraph Act.

Mr. TUSTIN: Are the district inspectors qualified to clear up electrical interference?

Mr. HOWE: Yes.

Mr. TUSTIN: I have always found the inspectors very courteous and more than anxious to do their work, but it seems to me that they have too much work to do. My constituents have advised me that it has taken from six weeks to three months to have an inspector come around to make an inspection. Once the inspector arrived on the job he was able to clear up a large amount of interference. It would seem that these inspectors have too much territory to cover or too much work to do when six weeks to three months elapse before a complaint can be attended to.

Mr. HOWE: All services in the department are practically the same. If we could double the vote we could get better results, but we have to balance a reasonable expenditure with the results obtainable. We know that our staff works quite hard, but we think we are achieving a measure of success.

Mr. TUSTIN: Then the minister will admit that the department is understaffed so far as inspectors are concerned.

Mr. HANSON: Do the inspectors stationed in Vancouver to look after British Columbia have to make special trips? I think the inspector comes to my constituency once a year, sometimes perhaps twice a year. Several complaints have been received, and resolutions have been adopted by boards of trade, and so on, asking that an inspector should visit the district four times a year. As in the case of the hon. member who preceded me, probably the territory is too big; it needs another inspector. In an outlying district inspection once a year is not sufficient. There is no checking up; probably no one but the inspector could check it, and as he comes only once a year radio reception is bound to be poor. If an inspector came four times a year throughout northern British Columbia, I think the people would be satisfied. I would ask the minister to look into the matter and advise me whether there is any set time that the inspector should be there.

Mr. HOWE: Whenever we can extract $6,000 more from the exchequer, we intend to put another inspector in British Columbia. We admit at once that our four men there cannot cover the territory as frequently as they should. When we get additional funds, that is where we intend to spend it first.

Mr. GRAYDON: Does this particular vote cover the work done by the inspectors in regard to blanketing by the new Canadian Broadcasting Corporation station at Hornby, Ontario, which has had considerable effect on reception sets in the county of Peel?

Mr. HOWE: The situation in the county of Peel is being taken care of by the Canadian Broadcasting Corporation. It is a special situation that they have created. They have installed some five hundred wave traps which, I think, are making some improvement.

Mr. LAWSON: Rather than deal with this question from the point of view of some particular municipality, I should like to deal with it more in its national aspect. I observe on page 214 of the estimates the details of this item. Apparently for all Canada we have four radio electricians, twenty-three junior radio electricians; then I see we have eleven radio inspectors and three junior radio inspectors. Assuming that one who owns a radio receiving set makes complaint to the department's branch in his municipality as to interference or static or noise on his set, which one of these gentlemen whose classifications I have named responds to such a call and deals with the matter of obliterating that interference?

[Mr. Tustin.]

Mr. HOWE: It might be any one of them. They are highly trained men in that narrow groove. The junior radio electrician is a civil service classification that has to do with the man's salary rather than his ability to trace these noises. It is a fairly narrow specialty, and I think any one of those men would be fully competent to deal with such a matter.

Mr. LAWSON: Then I observe that there are twenty-three junior radio electricians, four radio electricians, eleven radio inspectors and three junior radio inspectors, making altogether forty-one. May I assume that there are forty-one men in the whole Dominion of Canada engaged in the business of trying to obliterate interference on private radio receiving sets?

Mr. HOWE: That is correct, yes.

Mr. LAWSON: Then I would suggest that that is by no means an adequate staff to deal with the trouble. Let me give one instance which is illustrative of many. We have in the city of Toronto a fairly good residential district known as Moore Park. A gentleman who resides in that district had a collector of radio licence fees come around to his house about three months ago wanting to collect a radio licence fee. The resident refused to pay on the ground that he had not used his set in six months and could not use it because of interference. The collector, being a rational man, said that seemed a reasonable ground why this gentleman should not pay, and he said, "I will report this at once to the department in Toronto; some one will come here and correct that for you in a few days, and afterwards I shall be back to collect the licence fee." Nothing having happened for two months and seven days, to be exact, the resident in question called up the department in Toronto to know what was being done about his complaint, or whether the complaint had been received. After they had kept him waiting on the telephone for five minutes while they looked it up, a gentleman came back on the telephone and said that the collector of licence fees had been very faithful; that he had put in the complaint; but, he said, "My dear man, we still have 3,546 complaints ahead of yours to look into."

Seriously I do not think such a situation should be allowed to prevail, particularly in view of the fact that although we may be going to increase the price of the radio licence, not one cent of that increase is going to be used to improve reception on people's receiving sets, but is going to a corporation

which is not subject to the control of this parliament and about which we can obtain no information through this parliament. I suggest to the minister that he should seriously consider increasing the number of inspectors, even though the cost must come out of the public treasury of this country; or that if he is going to increase radio licence fees, at least he divert that increase towards seeing that people get better reception, instead of handing the money over to the Canadian Broadcasting Corporation.

Item agreed to.

Issue of radio receiving licences (Transport department only), $113,420.

Mr. LAWSON: Although the stoical attitude of the minister with respect to the difficulties of the public may be conducive to avoiding further discussion, I should like to ask the minister some questions respecting this item. In reply to a question which I asked in the house a few days ago I received the information that during the calendar year 1937 the total amount of money received by the department from the collection of radio licence fees, after the deduction of commissions to collectors or whatever they may be, amounted to $1,925,014.16 net. Then I find that including a part of that period, namely, from April 1, 1937, to March 2, 1938, the department paid over to the Canadian Broadcasting Corporation $1,870,000, or $55,014.61 less than they had collected. I would ask whether any percentage of the net amount received from the collections is deducted from the payments to the Canadian Broadcasting Corporation, if so, what percentage, or is the corporation merely granted amounts from time to time without relation to the sum collected?

Mr. HOWE: My hon. friend framed his question on the order paper in a way that did not give an exact indication of what he was trying to get at.

Mr. LAWSON: If the minister will permit, I deliberately framed my question so that I might be given either the calendar year or the fiscal year, because I did not know which way the department kept the statistics.

Mr. HOWE: Only in the third question.

Mr. LAWSON: But they answered by giving the fiscal year as against the calendar year.

Mr. HOWE: As I remember, the third question was framed to cover either the fiscal year or the calendar year.

Mr. LAWSON: Right. I left the choice to you.

Mr. HOWE: We have nothing to conceal in that particular. I should like to make the matter as clear as I can. The funds are collected on behalf of the broadcasting corporation by the Department of Transport. The corporation is a self-contained body, over which the Department of Transport has absolutely no control. As minister my only relation to the corporation is that if the government wishes to communicate with it, I am the channel through which that communication is made, and if the broadcasting corporation wishes to communicate with the government, it does so through myself. Parliament set up a body, in the form of the Canadian Broadcasting Corporation, independent of the government. I have, however, one check on the corporation; that is I can take my own time in paying over the money we collect, and I exercise that power to make sure that the corporation lives within its means. Each month the corporation submits to me a budget for its requirements, and on the basis of that budget, which we check, we pay over the funds as we collect them from the broadcasting receiving licences. We do not always pay over the whole amount immediately; in fact, last year we did not pay over all the fees we collected, for the reason, I believe, that the broadcasting corporation had certain outstanding accounts which were in dispute and which they were not prepared to release within the year. However, all the funds we collect are earmarked for the broadcasting corporation, and some time at or about the end of the fiscal year they have been paid all the expenses of that year.

Mr. LAWSON: In full?

Mr. HOWE: Less the cost of collection. That cost divides itself into two parts. In the first place we pay commissions to collectors, a maximum of twenty-five cents and a minimum of five cents per licence. Perhaps I can give my hon. friend some information—

Mr. LAWSON: No; I am interested only in what the department receives net, and as against that, in the calendar year, how much the department pays to the Canadian Broadcasting Corporation.

Mr. HOWE: Commissions to collectors average about sixteen cents per licence. In addition to that there is the head office expense of the branch which does this collecting. Last year it was about $103,000; this year it will be $113,420. That also is deducted

from the amount we pay over. In other words, we reimburse ourselves in full for the amount shown here as the cost of collection at head office. The result is that our total cost amounts to about sixteen cents plus ten cents per licence for administration; we pay over the full amount received for the licence less this twenty-six cents, which is a lower licence collection cost than that of any country of which we have a record, excepting Great Britain, where I believe the amount used to be twenty-eight cents, but has now been reduced to about twenty-five cents.

An hon. MEMBER: They use the postal carriers.

Mr. HOWE: Of course they have a much more compact population to collect from, and it is not surprising that they are able to collect licence fees for slightly less than we can.

Mr. LAWSON: I am not concerned about the amount of commission which is paid; all I wish to get clear is that, as I now understand the situation, the department arbitrarily apportions its total overhead so as to allocate a portion of it to the collection of radio licences and then it pays over to the Canadian Broadcasting Corporation the net amount received less that arbitrary allocation of cost of collection.

Mr. HOWE: I doubt very much if it is an "arbitrary" allocation of the cost of collection. There is a separate branch which does nothing but attend to this work. It will be understood that the head office machinery for handling over a million licences is considerable. Two notices are sent out each year to each licencee. This branch does nothing but collect these licence fees, and the cost of the branch is charged against these fees.

Mr. LAWSON: I am not objecting to what happens; I am only trying to get it clear.

Mr. HOWE: If the hon. member substitutes the word "actually" for the word "arbitrarily," we shall be in agreement.

Mr. LAWSON: I cannot substitute the word "actually," and I shall explain why I cannot do so. Suppose I ask the minister to tell me, of the list of employees under this item on page 215 of the estimates, who are exclusively engaged on the work of collection, and I only occupy the time of this committee and the minister's time in order to secure all that information; I suggest very strongly that this would not result in an aggregate of $113,000, because there must be a certain overhead, where, for example, a man devotes part of his time to this job and part to something else. I am not complaining about the department arbitrarily apportioning its overhead; I am merely trying to get the fact.

Mr. HOWE: Every man in this list spends his entire time in collecting licence fees. It is a twelve months' job.

Mr. LAWSON: Then would the minister give me a list of employees with their respective salaries who make up the $113,420 under this item?

Mr. HOWE: Yes. Would the hon. member like me to read that list? I have it here.

Mr. LAWSON: Frankly, if it will save any time, I am quite content that the minister shall put it on Hansard. I want the record, but I do not want to take up the time of the committee.

Mr. HOWE: Mr. Chairman, page 215 of the estimates gives the distribution of the employees. I can read the names in addition if they are required.

Mr. LAWSON: Oh, I am not interested in names. Excuse me a moment while I glance at page 215. May I take it that this list of employees set out on page 215 of the estimates represents the employees who are exclusively devoting their time to the collection of radio licences?

Mr. HOWE: Exclusively, yes.

Mr. LAWSON: Then I assume that I may take it that the actual cost of the collection of radio licences in this country for the fiscal year to commence April 1, 1938, is estimated to be $113,420, and that such amount will be deducted from the fees received for radio licences and the balance paid over to the Canadian Broadcasting Corporation?

Mr. HOWE: Less, of course, the commissions paid to collectors, to postmasters. This, one might say, is the office overhead.

Mr. LAWSON: Will the commissions paid in addition to these amounts be deducted from the amount collected before it is paid over to the Canadian Broadcasting Corporation?

Mr. HOWE: Those commissions are deducted from the amount before we receive it.

Mr. LAWSON: All right.

Mr. HOWE: The book is sold less the commission.

Mr. MARTIN: Is it not a fact that since the present set-up the cost of collection has been reduced as compared with the previous set-up?

Mr. HOWE: The cost of collection is decreasing slightly each year, as we sell more licences. It is now, I think, a shade under twenty-six cents; it was twenty-eight cents a year or two ago.

Mr. CLARKE (Rosedale): I notice that under printing and stationery there is an increase from $11,500 to $16,500. Could the minister explain that increase of $5,000?

Mr. HOWE: It is entirely due to the fact that there are more licences; there are more licences to print, that is more books of licences; there are more notices to be sent out. We send out notices twice a year to those who have not paid. Of course we are dealing in millions; a million pieces of paper are required each time we do any of these things.

Mr. CLARKE (Rosedale): Yes, but the amount is increased one hundred per cent. It was $11,500 the year before and now it is $16,500.

Mr. ROSS (Moose Jaw): A hundred per cent?

Mr. HOWE: Five thousand dollars is not a hundred per cent of $11,500; it is more like thirty-three and a third per cent.

Mr. CLARKE (Rosedale): Well, almost fifty per cent.

Mr. LAWSON: I should like to have a specific statement from the minister in respect of the following matter. The amount of the licence fee is fixed, as I understand the matter, by order in council, under the Radiotelegraph Act, so that the increase in fee which has been prescribed for the forthcoming year has been fixed by the government by order in council under that act. Will any portion of that increase be expended for the purpose of obliterating interference with private radio receiving sets, or will the whole amount, less cost of collection, be paid to the Canadian Broadcasting Corporation?

Mr. HOWE: Under the broadcasting act we must pay to the Canadian Broadcasting Corporation all licence fees collected less cost of collection. I do not know that they use any part of their funds for the removal of interference, but in any event we cannot do so under the present act.

Mr. LAWSON: Then I may take it that no portion of this increase will be spent for the purpose of obliterating interference. Does the minister agree with me that there will be paid, however, out of the consolidated revenue fund, which is raised by general taxation upon the Canadian people, the sum of $205,478, as shown by item No. 396, for the obliteration of interference?

Mr. HOWE: That is a correct statement. Under the act passed in 1936 that arrangement is compulsory.

Mr. HEAPS: We are spending more than $200,000 a year out of government revenue in connection with radio interference. What is the United States government spending for the same purpose?

Mr. HOWE: We have not the figures.

Mr. HEAPS: Would it be possible to get them and put them on the record? Conditions in the two countries may be similar so far as radio interference is concerned, but the conditions under which radio operates are entirely different. I believe the United States government is spending large sums for the purpose of obliterating radio interference. I wonder if the minister could get information in regard to the United States. It would be worth having.

Mr. HOWE: I shall try to get it.

Mr. PELLETIER: At the same time the minister might try to find out what percentage goes towards collecting radio licence fees in the United States.

Mr. HOWE: There are no licences there.

Mr. NEILL: I wish to suggest an improvement in the collection of licence fees. Under the present system licences are on sale at post offices—I am thinking more in terms of country post offices—and in the stores of those who deal in radios. The percentage which the postmaster gets is very small and, with his own duties to attend to, he does not bother to push the sale. The department became aware of that fact and they decided that, instead of putting on a large police force to prosecute those who did not procure their licences, they would put the collection on a percentage basis, getting people to go and hunt up radio owners who had not obtained licences. The idea was a good one. They paid a larger commission, and the system would have worked all right but for the fact that these collectors who are appointed by the government from time to time—political appointments, I suppose—do not find it worth while, so that you can hardly get anyone to take the job. The man who is doing it on commission is naturally keen to push sales and he goes around to radio owners. He goes to one man and tries to sell him a licence and is informed that it has already been got at the post office. The fact is that those who are willing to get their

licences go to the post office of their own accord, and only those who have to be reminded, those who have to be dunned a few times by the collector, are left to these commission men.

I do not think the post offices would mind if the sale of licences were taken from them because there is very little in it for the postmaster. The man on commission goes to a radio owner who says he will see about the matter. The collector goes away, and in the meantime the radio owner, having been reminded, goes around to the post office and gets the licence, the result being that the post office gets the sale after the groundwork has been done by the man on commission. Obviously, under these circumstances, it is hardly possible to get anyone to take on this commission work. It is necessary that there should be such collections; otherwise people will simply not get their licences, and you could not put on a force large enough to prosecute them, the amounts being so small. I suggest that one man be put on the job on the first of April, or whatever time is thought best, and that he be allowed to push the thing right through for the year. But it should be given to him alone. I suggest that it be taken from the post offices and stores and given to one man who will understand that he will get all there is in it; that he will get the cream of the business as well as the business among those who are reluctant to buy licences. I know of one man who has called on a radio owner five times, the net result to him being twenty cents. That does not pay. If you want the work well done, you must give it to one man only.

Mr. HOWE: We have considered very carefully the method of collection. The fundamental fact that we must keep in mind is that not too large a proportion of the $2 shall go towards the cost of collection. The licence fee is a compulsory payment; we compel people to pay it, and if they do not, they are breaking the law. There is no particular day on which anyone must pay, and if payment is compulsory there must be some convenient place where people can go and get their licences. We did think seriously of eliminating the post offices and putting the business into the hands of collectors, but the same difficulty would apply there. The collector, in rural constituencies particularly, would have a large area to cover and would be required to call at least once upon every radio owner, and the housewife might not find it convenient to pay on the particular day on which he called. Whether she would mail the fee to the collector, we are not sure. I think it is fundamental that we should give people an opportunity to pay their licence fees reasonably at their convenience. As a matter of fact, we allow six months before exerting pressure.

I have great respect for my hon. friend's judgment, and if he believes that the scheme he suggests would work well in his own constituency, we are willing to try it there. I have made that offer to one or two members of constituencies where we know we are not collecting the proper portion of fees. If my hon. friend will call on the radio department, we shall be glad to work out a scheme for his riding.

Mr. MacINNIS: Has it been definitely decided to increase the licence from $2 to $2.50?

Mr. HOWE: An order in council has been issued to that effect.

Mr. MacINNIS: I have received, as no doubt most other hon. members have, a great many complaints against the increase. Can the minister tell us what the licence holder will get either in better programs or in reception for the additional fifty cents? I do not wish to waste my time or the time of others in replying to letters in this regard if there is some possible answer to justify the increase. If the minister can tell us—

Mr. HAMILTON: More will get reception, who do not get it now.

Mr. MacINNIS: —what value they are going to get for the increase of fifty cents, I have no doubt they will be satisfied to pay it.

Mr. HOWE: On each vote we are told that if we had more money to spend we could do a better job. It is the same here. If we had another hundred thousand dollars to pay for suppressing radio interference, we would be able to suppress more of it. The additional revenue is to be used in two directions. One is to increase broadcast coverage where at the moment coverage is very poor, and the other is to improve programs. As I said some days ago, in speaking during the debate on the address, tastes in programs differ. Whether my hon. friend will think we have improved the programs, I cannot say. Whether anyone else will think so, I cannot say, but we are going to spend more money on programs with the hope that we shall better satisfy listeners with Canadian built programs. As I say, this is an intangible matter, and my hon. friend and I could debate for a long time whether one program was better or worse than another, probably without settling

the argument. But that is what the additional revenue will be spent for; part will go to increase coverage, particularly in the maritime provinces and on the prairies, and part of the money will be spent in building better programs.

Mr. HEAPS: How much extra revenue does the minister expect to receive from the increased fee?

Mr. HOWE: We estimate the additional revenue at $650,000.

Mr. TOMLINSON: I have had several complaints in the county of Bruce as to the method of collecting this tax or licence. Last fall I believe inspectors dropped in and laid about forty-two summonses. I am quite in favour of the act being enforced, but I believe the method is wrong in itself, especially in a rural community. I should like to make a very humble suggestion, which I think, if adopted, would work for the benefit of the department and of the people themselves. Although you instruct your collectors to make personal calls and notify the people that they must pay, that has not been done. I made particular inquiry to find that out. So, although they receive their notices, they allow the matter to slide from day to day.

I would suggest that the minister give consideration to appointing the assessor as the collector of radio licence fees. The assessor, who goes around in the spring of the year, must visit every home. That is his duty, though he has other duties as well. While he is obtaining his information as to the number in the family, and so on, he might also ascertain if they had one radio or two, and then make his personal demand for the licence fee, explaining at the same time that if they do not pay within a certain time he would notify the proper authorities and they would be liable to be summonsed.

Mr. HOWE: I appreciate the suggestion, and we are looking into the possibilities of doing something of that kind. It is quite possible that something may be done along those lines, but there again we find that an arrangement which would work out well in certain ridings would not work so well in others, depending upon the duties of the county assessors.

The suggestion of my hon. friend that the inspector drop around in the fall and then summons people out of a clear sky, will hardly bear analysis. I have had a good many people say that to me, and in each case I have been able to give them the record of the person concerned. In almost every case whoever complained to me about an individual instance has gone away well satisfied that the person deserved to be prosecuted.

Mr. TOMLINSON: I should like to explain further that probably the greatest complaint is that when these inspectors do come around, they have a list of four, five or six houses. They walk in and ask if a person has a radio licence, and if they have none a summons is issued, because the department claim they have been notified previously. But those people realize that their next door neighbour, who has probably never bought a licence and who never pays a fee, is not summonsed. If this inspector drops in on them, they think he should drop into every home where the licence fee has not been paid.

Mr. TUSTIN: How many licences were issued last year, and how many does the minister estimate will be issued during the coming fiscal year?

Mr. HOWE: In 1936-1937 there were 1,038,000 licences sold. This year, to the end of January, there were 1,075,000.

Mr. TUSTIN: How much commission was paid to post offices and agents for issuing these licences?

Mr. HOWE: Where a salary is paid, the postmaster gets five cents per licence. Postmasters who work on commission receive fifteen cents per licence. The collector who is sent around gets twenty-five cents per licence.

Mr. TUSTIN: Has the minister the total amount that was paid?

Mr. HOWE: Of the licences issued, forty-one per cent were through post offices; thirty-seven per cent through house to house canvass, and eighteen per cent through radio dealers. Then 3,148 licences were issued free of charge to the blind. Whoever sells licences has a special book out of which he issues licences to blind persons.

Mr. TUSTIN: All I wanted was the total amount of commissions paid to agents and post offices.

Mr. HOWE: For 1,075,000 licences, $179,542.55 was paid. That is for the year 1937-38 to January 31.

Mr. TUSTIN: Then I take it that $103,709 was paid by the department for the collection of licences, and $179,542.55 was paid in commissions?

Mr. HOWE: That is correct.

Mr. EDWARDS: Would the minister outline the procedure when the owner of a radio is taken to court for not paying his fees? He is notified twice, I understand. Does the department take part in the prosecution? I understand a summons, or some sort of certificate, is endorsed by the head of the department, or his deputy.

Mr. HOWE: After it has been decided to prosecute, the case is reviewed at head office. If it seems to be a case which should be prosecuted, I sign the authority, and the Department of Transport attends to the prosecution.

Mr. EDWARDS: That was the point I wanted to have cleared up. I made inquiry at the police court of my home city, and that was the information I received. I had not known the situation prior to that time. I now understand that each case is reviewed.

Mr. HOWE: Yes.

Mr. BETTS: I cannot applaud the suggestion that the assessor be given the job of collecting radio licence fees. They are already employed; in these hard times they have fairly good jobs. I believe this is a function which could be carried out admirably by returned soldiers. They are a particularly dependable class, and many of them are in great need. The Department of Pensions and National Health has set up a veterans' assistance commission, of which honorary committees have been set up in the larger centres to keep in touch with the returned men. They have lists of unemployed veterans, their qualifications and capabilities, and I would say that if the government really is desirous of ameliorating the situation of the returned man, as it contended it was during the last campaign, and since, this is a splendid opportunity for the Minister of Transport to cooperate with the Minister of Pensions and National Health, so that this work might be given to returned soldiers.

Mr. HOWE: I believe practically all collectors are returned soldiers. May I point out, however, that the work does not present a very encouraging outlook for a returned soldier, because there is not much pay connected with it. The fee is small, and no man could possibly make a living at the work. Collecting licence fees at twenty-five cents per licence is not a career. However, I believe that the veteran with a small pension is the man who is doing the work in Canada.

Mr. NEILL: I understood the minister to say that the order in council had gone through increasing the fee to $2.50. I am not going to kick at that, although it would no doubt be popular to do so. But we did get the new station at Vancouver, which has been of great benefit to us in British Columbia.

I should like to put in a strong plea on behalf of the people in the country districts—not the larger cities. It costs a great deal to run a radio with batteries. A thousand hour battery, which runs for only about eight hundred hours, costs about $25. It is quite different from the man in the town who connects his radio to an electrical plant, and scarcely notices the cost.

If a man can afford to pay for two radios, he should have two licences, just as he would if he had two automobiles. People who are remote from moving picture theatres and who do not live near a village or town, find that the radio is of great importance to them. One way to help them would be to give them consideration in the matter of the fee. If the minister increases the fee, and adds to it the already heavy tax imposed on the man who has to use batteries in his radio, he is making the cost prohibitive. If the minister cannot reduce the fee, I would ask that at least he would not raise it in respect of those who use batteries. This would be a sort of means test, because if a man has a battery set, it would mean either that he is a poor man in a town, and uses coal oil, or that he is in the country, where there is no electricity.

Mr. HOWE: The government is givng serious consideration to differentiating with respect to battery sets in areas where continuous current is not available. I believe there will be an announcement on that shortly.

Mr. HEAPS: I should like to refer to the increased revenue the department expects to receive from the additional fifty cents in licence fees. I believe the minister said he expected an increase of over $600,000 as a result of the added amount. May I suggest that he take a portion of that money, at least ten per cent of it, and use it in an attempt to do away with radio interference. As has been pointed out by the minister, the amount now spent in that connection is taken out of the consolidated revenue fund. I should think it would be only right and proper if the increased amount were used to improve radio reception.

Mr. MARTIN: No one who has followed the development of radio in Canada during the past year and a half can resist the conclusion that the Canadian Broadcasting Corporation has indeed done an excellent job. While the minister is not actually in charge of its operation, he is likewise deserving of sincere commendation.

But while this is so, I hope the minister will not think I am detracting from my views as to the usefulness of the Canadian Broadcasting Corporation or as to his own excellent administration, if I express strong disapproval of the increase in the radio licence fees. I believe I would not be adequately representing my constituency if I failed to do so.

I am hoping the minister's statement in answer to the hon. member for Comox-Alberni, to the effect that the government is giving consideration to some aspects of the matter may bring about an extension in some particulars. My objection is raised not only because of the increased cost—although that will be burdensome to many, not merely to those with batteryless sets but to farmers in constituencies like my own, and other people in the cities—but because by passing the act of two years ago parliament has committed itself to belief in a publicly owned chain of radio facilities. I endorse that principle, and believe it is in the best interests of Canada.

If that is to be the accepted principle, then I think we should pay for it in a proper way so as not to depopularize the institution itself. I suggest, with the greatest respect, that not only the increase in licence fees, but the method of collecting these fees, will in the long run tend, not only to impose an additional burden on the people but, more particularly, to discredit an institution which has thus far so well justified itself. It is an institution which may be used as one of the most effective instruments in keeping together the various sectional interests of the country which, at the present time, present such a picture of disunity.

Mr. HAMILTON: In certain areas of Canada, including my own constituency, radio owners do not get any reception from C.B.C. stations. In the Sault Ste. Marie area we pay a substantial sum in radio licence fees, and I am quite sure we would pay it willingly if we were getting the reception I believe we should get. The fact is, however, that we are getting nothing whatever from the Canadian Broadcasting Corporation. The local station is not connected with the network, and the powerful Toronto station, CBL, does not reach Sault Ste. Marie with any degree of dependability. As a result we are paying a substantial sum and getting nothing whatever in return from the broadcasting corporation.

If the radio fee is to be increased, then I think it is fair to ask that at least arrangements be made whereby all parts of Canada may get, as nearly as possible, equal coverage. In those areas where they are able to get the Canadian Broadcasting Corporation and the United States stations they will be getting something extra for the fifty cent increase; but as far as my constituency is concerned, the people will receive nothing extra for the extra fifty cents. The people there feel that they are being asked to pay $2.50 to give other sections of Canada good coverage, while they get nothing themselves. I agree with the suggestion that battery sets should receive special consideration.

Mr. HOWE: Both the department and the corporation are aware of the situation at Sault Ste. Marie, and the purpose of the application for additional revenue is to remedy the situation there as well as in other parts of the country.

Mr. JOHNSTON (Bow River): I think the consensus of opinion throughout the country is that there should not be an increase in these licence fees. I understand that there was a surplus of $128,000 last year, although this figure may be subject to correction. We have a very good system set up under the Canadian Broadcasting Corporation, and I want to commend the minister for the improvement in the service. However, if I were to ask for the return of all correspondence against this increase, I am sure it would take a staff of stenographers two or three weeks to prepare it. If the administration wants to get more money, I see no objection to its obtaining increased revenue through charges against the United States stations, which desire to broadcast in Canada for advertising purposes, and I think that would be a more advantageous way to obtain additional revenue than to add an additional burden to people already hard pressed for money.

I am not speaking on behalf of those able to pay this fifty cent increase; I speak for those in the rural areas, particularly in the dried out areas, to whom fifty cents is a tremendous amount of money. The radio is the only means of entertainment that these people have, and I do not think the licence fee should be increased. It would seem that this increase is being passed on to Canadian people while publishers are going to have just that much more money to put in their pockets. I am against the principle of obtaining increased revenue from increased fees These revenues should come from the same source from which we are obtaining it now. If the radio corporation does as well next year as it did last year and still has $128,000 to work on, then there should be no kick.

I am of the opinion that considerable pressure has been brought to bear by the

newspaper and magazine concerns. They feel they are losing a substantial amount of revenue because the Canadian Broadcasting Corporation is permitting United States broadcasts over the Canadian system. I do not think this should be taken into consideration. The corporation was set up for the betterment of radio reception and to provide entertainment for the Canadian people, and I do not see where the publishers enter the picture at all. I am in favour of the licence fee being left at $2.

Mr. BETTS: What proportion of the collectors are returned men?

Mr. HOWE: We have no record at the moment, but I shall be glad to get it. I may say that we try to get returned men in every riding.

Mr. BETTS: When the minister states that these positions are held by returned men all over Canada, I believe he is stating something with which he is not familiar. I can tell him that in many places in western Ontario returned men are not doing the collecting, and they would be very glad to have this work. The hon. member for Prince Edward-Lennox (Mr. Tustin) informs me that in his riding the appointment was given not to a returned man but to a prominent Liberal ward heeler. I submit that in many cases these appointments are made for political reasons and no consideration at all is given to the returned men. The returned man is eminently suited for this work and he should have it. If the minister is willing to cooperate with the Minister of Pensions and National Health, I see no reason why all collecting should not be done by returned men.

Mr. LOCKHART: I quite agree with what has been said by the last speaker. A returned man in my constituency was discharged, but I do not desire to refer to that at the moment. I saw it stated in some magazine that there were from two and a half to two and three-quarter million radios in operation in Canada. I do not know whether the minister has knowledge of the approximate number that might be in operation, but I suggest to him that in some rural municipalities nearly seventy-five per cent of the people owning radios are not taking out licences. The number of radios in operation given by the minister is considerably lower than the estimate of the dealers.

Mr. HOWE: If the hon. member is interested in a particular constituency, I shall be glad to give him the figures. We have found the dealers' figures to be not altogether reliable. For instance, the publication Radio Trade Builder estimates that in 1937 there were 1,670,000 sets in Canada. I assume that estimate is based upon the number of sets manufactured and sold; but what formula was used to allow for discarded sets, I do not know. The only authentic figures available were those obtained in the census of 1931 which showed 770,436 sets in operation. In that year the Radio Trade Builder made an estimate of 967,800 sets, approximately 200,000 more than the estimate of the census enumerators. For the next fiscal year, 1932-33, the departmental figures showed 761,288 licences issued.

Hon. members and others make the statement that in certain localities fifty per cent of the radio owners are not buying licences, but the figures do not always check up. We believe we are getting about ninety per cent for all of Canada, the percentage being greater in the cities and smaller in the country districts. When hon. members come in and make such statements, I ask them what localities they are interested in. We look up the population of the particular locality and divide it by five to get the approximate number of houses. Then I ask my interviewer what he believes to be the number of licences issued based upon the number of houses in the locality and invariably I find that his guess is much below the actual number of licences issued. We know that in the country districts we do not get as high a proportion as in the cities, but the reason is obvious. With a maximum cost of twenty-five cents per licence, it is impossible to call on every house in the country and collect a fee at that house. If we spent a larger proportion of the fee for collecting, we could collect more, but we believe that the commission under no circumstances should go above twenty-five cents per licence.

Mr. CLARKE (Rosedale): Did the minister say that it was positively settled that the fee is to be increased by fifty cents? What about people who have several sets? The minister said that he had several sets in his own house. Does it mean that people have to pay $2.50 for each set they have, or pay fifty cents more for additional sets?

Mr. HOWE: The licence fee is $2.50 for each set.

Mr. CLARKE (Rosedale): So if one has three sets, he would have to pay $7.50?

Mr. HOWE: Yes.

Mr. HEAPS: Does that apply also to a radio in a motor car?

Mr. HOWE: Yes.

Mr. BETTS: Is it optional under present arrangements that postmasters have radio licences for sale, or is the postmaster obliged to have them?

Mr. HOWE: It is optional with the postmasters. They are paid for running the post office; we invite them to take on this other work, but they can refuse if they wish.

Mr. MULOCK: I fully realize the difficulty of the minister in administering this act, and I congratulate him upon the improvement that has been made in radio generally throughout the country. But I should not be expressing the feelings of the people of my riding if I did not say that the increase in the licence fee is, to say the least, not popular in the riding of North York. We realize also that there are many districts which have not received the same advantages from radio that Toronto and York and central Ontario have received. The people in our part of the country find it difficult to see what additional benefit they are going to receive by reason of the increase in this tax. Realizing as I do the difficulty that people in various parts of the country are having, as mentioned by the hon. member for Algoma West (Mr. Hamilton), and that they are not receiving any benefit at the present time from the broadcasting corporation, some consideration must certainly be given to those districts. Would it not be possible to do that without increasing the tax at the present time? Could this matter not be referred to the radio committee set up in the house, the personnel of which was announced to-day? People are having difficulty in paying their taxes, and if it is humanly possible I would ask the minister not to raise any tax at the present time.

Mr. HOWE: The matter can and no doubt will be discussed in the radio committee, and it does not take long to pass an order in council.

Mr. WOODSWORTH: I was going to suggest, as a member of that radio committee, that a number of the matters being discussed to-day might be discussed there, and perhaps to better advantage, when we have the officials present who can answer questions directly. I hope the minister's statement that the fee is to be increased is not final. I think he has indicated that his decision might be changed. All along I have been very much in favour of nationalized radio, but I think this is a retrograde step. I would hope that the amount necessary to be raised could be raised in some other way than by increasing the licence fee, which means a heavy burden on a great many people in this country.

Mr. THORSON: May I ask the hon. member what other method he would suggest?

Mr. WOODSWORTH: Several other methods might be suggested. One would be a tax on radio tubes. The price of tubes in this country is very high indeed, much higher than in the United States. I think it would be easily possible for the manufacturers of tubes to absorb the amount themselves. I should like to have that more fully discussed. If it is really necessary that the public generally should be taxed for this radio service, I would rather that it came out of general taxation as a subsidy than as an increased fee. The fee is a tax, and such a direct tax that the people know they are paying it.

Mr. DUNNING: A service charge.

Mr. WOODSWORTH: A service charge if you like, but all taxes are assumed to be for services rendered.

Mr. DUNNING: Oh no.

Mr. THORSON: Is it not better that the tax be direct than concealed?

Mr. WOODSWORTH: No, because the question of incidence of taxation arises. Generally speaking, I would agree that it was well to have taxes direct rather than indirect. In my judgment we are already taxing the poorer people of this country altogether too much. It is true the tax is usually concealed, usually indirect; the people do not realize it. The tariff is a tax, but concealed. We are taxing very heavily the common people of this country, and the wealthier people are escaping very lightly. If this public service is necessary to the welfare of Canada, as I think it is, and if we cannot carry it on with the charge that we have been making in the past, I suggest that it would be well for the dominion government to give a direct subsidy out of the general revenue.

Mr. DUNNING: In other words, that we abandon the principle for which my hon. friend has just been contending.

Mr. WOODSWORTH: I do not see any abandonment of principle.

Mr. DUNNING: My hon. friend has just been contending for the principle of direct taxation. He says we should not conceal taxes, because the poor are made to pay more. If we give a state subsidy for this purpose instead of making a service charge, obviously that is the very concealment which my hon. friend condemns.

Mr. WOODSWORTH: No; I do not see any concealment about it. If you like, you can raise the income tax in order to do it, and that brings you back to direct taxation, but such a tax would be a direct tax on people with big incomes instead of an additional direct tax on people with small incomes. I would welcome any method of reducing indirect taxation that we have to pay through customs charges. Meanwhile I deplore that this very much appreciated service should have to be paid for by—

Mr. DUNNING: By the people who use it.

Mr. WOODSWORTH: Who in many cases are not able to pay it. Take the railways; people use railways, but we are subsidizing those railways to no small extent. Take the canals; people use canals, but they are not paid for exclusively by the people who use them. So on all along the line; all the government services are used by the people or some of the people, but are paid for out of taxation. I cannot see why this particular service should be singled out for the application of the principle that it must be paid for just as it may be used. I do not think the suggestion I have made departs from a practice which has been common in this country for a great many years.

Mr. HOWE: I suggest that my hon. friend is doing a real disservice to the cause of which he has been an advocate in all our committees, in that he would make radio broadcasting a public service administered outside and independent of the parliament of Canada. Radio broadcasting in this country is a corporation in which the listeners are the shareholders. It is compulsory upon those managing the corporation to satisfy their shareholders. Unless the corporation can justify its cost to the people who listen, it should go out of business. But the minute you depend upon grants from the public treasury for that sort of thing, you destroy that responsibility; you have officials administering broadcasting who need not justify their policies to any one. In advocating such a system I do not think the hon. member is doing any service to a cause in which he really believes.

Mr. WOODSWORTH: Much that the minister has said would be true also of the Canadian National railway. But what about my first alternative suggestion, the one that I really put forward, which has been overlooked—the tax on tubes? The minister has not answered the proposal. I gave the other as merely a secondary alternative.

Mr. HOWE: A tax on tubes means a tax on the manufacture of tubes. By the time it reaches the persons who are paying the cost to-day, that tax will be multiplied at least by three, due to the pyramiding of costs from the manufacturer to the retailers' shelves. Therefore, instead of putting a fifty cent tax on the listener—because it is he after all who is the consumer of tubes—you impose a very much higher tax upon him. The question has been explored, but there seems such a tremendous waste in the collection of a tax of that kind that we have had to discard it as entirely impracticable. I might add, however, that the cost of tubes as well as of batteries is now being reviewed by the tariff commission. We have reason to believe that the selling price of both tubes and batteries is higher than it should be, and I have considerable confidence that through the work of the tariff board we may expect a reduction in the cost of this material that will more than offset the fifty cents per set increase in licence fees.

Mr. FINN: I wish to compliment the leader of the Cooperative Commonwealth Federation (Mr. Woodsworth). He is becoming more adroit every day he is in the house. He prefaced his remarks by saying that he thought these matters could be better settled in committee, but he saw to it that he put himself on record in Hansard as to where he stood in reference to them all.

An hon. gentleman, who is a member of His Majesty's Loyal Opposition and whose name I cannot at the moment recall, stated that he believed the returned soldier should be the man and the only man to collect the radio licence fee. As far as my constituency is concerned, there are many men who to-day are much poorer and are suffering much more hardship than many returned soldiers who are doing this class of work. I appreciate the services of our returned soldiers. I am prepared to say that I believe those returned soldiers are best off whose bodies were left on the fields of France and Flanders, because they have nothing more in this world to worry about. It may be that the statement in regard to returned soldiers will not be popular with that body; but I am not concerned whether my views are popular with them or any other class of persons so long as I have a conscientious belief in the statements that I make. Where the returned soldier is in want, he should, of course, be given the opportunity; but where there are others who are in more or equal need and are perhaps suffering from circumstances which make their lives and the lives of their families even more unhappy, and who by this means could make a few dollars and bring a little comfort

to their homes, they should be considered along with the returned men and no injustice should be done to either.

The third point I desire to make is that the broadcasting corporation, which is independent of parliament, is in a similar position to the Canadian National Railways, and I compliment the Minister of Transport (Mr. Howe) upon his acceptance of the view that the people are the shareholders in all our great public holdings, including the railways, broadcasting and other services.

I may be mistaken, and if so I am subject to correction, but it seems to me there is a dual system in reference to broadcasting. On the one hand it is controlled by the broadcasting corporation and is practically government operated. On the other hand there are broadcasting stations which are privately owned. The question is whether the broadcasting corporation will make up their minds to control all private stations, take them over at their real value and operate them, or whether we are to continue to have privately owned stations. If the government is likely to arrive at a decision, which no doubt would be made known to the broadcasting corporation, that all these stations should be publicly controlled, it would seem advisable that, until the question is settled, no more broadcasting licences should be granted to private corporations, with resulting embarrassment to the government itself and to members of this house. I mention this because the matter may possibly bring some embarrassment to my colleague from Halifax and myself; he can speak for himself; I am expressing merely my own view, and I have not any positively fixed ideas on the subject. However, it seems to me that this dual authority and this dual right are not likely to give the best services to all the people. As has been mentioned this afternoon, there are those in various parts of Canada who are not able to receive the same programs in their homes as are available to and provide happy evenings for those in other parts of the dominion.

With reference to the proposed increase in radio licence fees from $2 to $2.50, I am pleased to hear that the minister and the government are taking into consideration whether the additional fee is to be imposed. So far as I am advised by those whom I have the honour to represent, including a large number of poor people, they object to this extra fifty cents, and so do I. They feel that $2 is sufficient. They are the shareholders, and we know that at the annual meeting the shareholders control. I suggest that at least we should give serious consideration to the majority view of the people in regard to this matter. I am sure the minister will take into serious consideration the points brought forward by various hon. members of all political parties. In the government the wise counsel of the Minister of Transport will no doubt be listened to, and the result transmitted in due course, perhaps over the radio, to the broadcasting corporation.

There is one other point I wish to touch upon for a moment.

Mr. HOWE: Do not talk me out; it is five minutes to six.

Mr. FINN: I do not propose to talk the hon. minister out; I could not if I tried. I shall give way to the minister now, and on a future occasion I hope he will give way to me and that the chairman will not rule me out of order.

Mr. SPENCE: I regret very much that the government saw fit to increase the fee. The Canadian Broadcasting Corporation has many enemies in the country, and it is always irritating at any time for people to have to pay extra money for anything. My motto is, "Let sleeping dogs lie." In this instance it would be better to secure the extra revenue from some other source, because there is turmoil throughout the dominion. I do not blame the broadcasting corporation for what they are doing, and I do not think anyone should censure them very much, although many people are of the opinion that the corporation is not giving the best service it could.

There is one point I wish to clear up. One hon. member spoke of the great hardship on the people in the dried out area—I assume he comes from the prairies—who are compelled to pay this extra half dollar. I should like to know whether the unemployed who are on relief and people living in the dried out area are forced to pay the licence fee at all. In Toronto those who are on relief are not compelled to buy licences. Considerable discretion is left to the department. I suggest to the minister that if people in the dried out area are compelled to buy licences, not to mention anything about the extra half-dollar, they should not be.

Mr. HOWE: No pressure is brought to bear on anyone who is indigent or on relief.

Mr. JOHNSTON (Bow River): They do not know that and they are paying the licence fee.

Mr. BLACKMORE: I am strongly opposed to the increase, for two reasons. One is the extent and the incidence of it, and the other is the apparent manner in which it

was brought about. If the information that has come to my hand is correct, as to how it was brought about, then I think the matter is extremely serious. I do not wish to talk out the minister's item; on the contrary I wish to cooperate with him. But it has been brought to my attention, whether rightly or wrongly, that pressure was brought to bear upon the Canadian Broadcasting Corporation by the newspaper fraternity of this country. It is reported to me that in the January 15 number of a paper called "Marketing", published in Toronto, there appears the following reference to a certain meeting which was held:

A constructive suggestion was made that if the CBC would seek to secure its needed additional revenue by increasing the licence fee on radio sets, the press would stand back of it and help the public realize that such increase was just and necessary; otherwise the press would have to consider the advisability of revealing what the CBC is doing in flooding Canada with U.S. programs.

A statement like that is exceedingly serious. Sitting here, I have been wondering what authority parliament has over the Canadian Broadcasting Corporation. If pressure can be brought to bear upon it by such means in one connection, it looks to me as if it can be brought to bear in another. I am greatly alarmed about the matter.

Mr. HOWE: There was absolutely no pressure brought to bear. We knew, when we undertook the program of high-powered stations across Canada, that such a program could not be undertaken with the revenues then available, but the change was not made as a result of pressure.

Mr. JOHNSTON (Bow River): I wish to bring to the attention of the minister a matter of importance in connection with the Radio Patent Act. There have been complaints from a number of people who have brought in radios from the United States—

Mr. SPENCE: Let them buy them here.

Mr. JOHNSTON (Bow River): But the point is that the government gave them the privilege of bringing radios provided they were valued under $100, and an employee of one concern in Calgary told me that there were three hundred convictions against people who had brought in radios. Would the minister inform us how this matter will be dealt with? What are we going to do about the matter?

Mr. HOWE: The whole question is in the hands of the tariff board. They are making a thorough investigation and we expect to have a report in due course.

[Mr. Blackmore.]

Mr. JOHNSTON (Bow River): In regard to this act?

Mr. TUSTIN: It has been represented to me that there has been a great deal of discrimination in the matter of advertising charges. Is there any difference between the rates which are charged United States advertisers and those which are charged Canadians?

Mr. HOWE: Not so far as I am aware.

Item agreed to.

Progress reported.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 6 p.m.

Monday, March 7, 1938

The house met at three o'clock.

RIGHT HON. R. B. BENNETT

REPORTED RETIREMENT FROM PARTY LEADERSHIP —OBSERVATIONS OF THE PRIME MINISTER

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, before we begin the afternoon's proceedings may I be permitted to say to my right hon. friend the leader of the opposition (Mr. Bennett) how sorry I have been to learn that because of an impaired condition of his heart he has found it necessary to inform his party that he will not be able beyond a few months to continue to hold the position of its leader which position he has held during the past ten years. I know this expression of regret will be equally felt by all hon. members, and I hope that the right hon. gentleman will permit me to express this feeling toward him on behalf of the house.

I have often marvelled that my right hon. friend found it possible to assume the great amount of work he has undertaken, knowing something of the tremendous strain which, as leader of a political party, part of the time leader of the government and part of the time leader of the opposition, he has had to endure. Knowing how completely my right hon. friend's life has been devoted to public affairs, how conscientiously he has performed his duties as leader of his party and in the house, I can imagine how distressing it must be to him to feel that, because of the condition of his health, he is obliged to relinquish some part of those duties. In the decision which has become imperative he has my sincere sympathy.

I would express the hope that with release from extra strain, and some of the exacting burdens he has borne my right hon. friend's health may be speedily restored; that the

greater freedom thereby assured, may serve to increase and prolong the enjoyment of his days as well as afford opportunities of useful public service in other ways which otherwise might be denied.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I am sure it is not expected that I should do more than thank the right hon. gentleman (Mr. Mackenzie King) and those associated with him for the very kind observations he has made touching my own relations with the party with which all my life I have been associated. I realize that the strain of five years of stress left an effect upon me, but my general health has been far better during the last few months than it has been for some time. Unfortunately that is no index as to the condition of one's heart, and I was told last year that I must abandon these duties that I have been endeavouring to perform. I was slow to believe that that might be necessary, for reasons which I dare say the right hon. gentleman can understand and every hon. member of this house will appreciate. Nevertheless, a general election being within reasonable sight, I was told that it would be quite impossible for me to carry the burden and strain of such a time. So I felt it was my duty to acquaint my political friends with that fact.

I am not delivering any valedictory; that will be left for another occasion. But I would be less than human if I did not express to my right hon. friend my very warm appreciation of his kind thoughts which, as a matter of fact, he expressed in a letter which he sent to me yesterday. I am deeply sensible of the kindness with which the house has received his words of sympathy, as well as his words of regret. I can only say, Mr. Speaker, that I would like to thank the house for this manifestation of good will, which, perhaps, if it had been expressed in more strenuous times, might not have been necessary at all.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, as one who never agreed with the policies of the right hon. gentleman who has just spoken, I heartily join the house in extending to him my very best wishes for happiness, good health and a full enjoyment. of life outside the house.

CIVIL SERVICE

SPECIAL COMMITTEE TO INQUIRE INTO OPERATION OF CIVIL SERVICE ACT—MOTION FOR CONCURRENCE IN FIRST REPORT

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata) moved concurrence in the first report of the special committee appointed to inquire into the operations of the Civil Service Act.

Hon. CHARLES A. DUNNING (Minister of Finance): I intended to refer the other day to the provisions of this report, to which we are now asked to give concurrence, dealing with the printing of evidence to be taken before the special committee appointed to deal with civil service matters, but the chairman of the committee was not present at the time. I should like to call attention to the great expense which would be involved in producing what I am sure would be a second Hansard for a considerable number of days. I do not know how we should deal with it in the house, but surely some discrimination could be shown as between evidence of real value given before the committee and that great volume of other evidence and discussion which will not help to clarify the issue but which may even help still further to confuse it. In the interests of economy I do hope that the committee will endeavour to make some arrangement to make unnecessary the production of a voluminous and continuous Hansard.

Mr. POULIOT: I regret very much that the Minister of Finance (Mr. Dunning) did not mention this matter before, because I feel sure we could have come to an amicable understanding. First of all, let me say that the evidence given before all other civil service committees has been published for the information of hon. members. I am not in a position at the present time to state just what evidence will be given this year; that matter is to be discussed to-morrow morning by a subcommittee which is to draw up a kind of agenda of the witnesses to appear before the committee. We had voluminous reports of the proceedings of the committee to investigate the prices of farm implements, and the same is true of other committees. I submit respectfully that the printing of the evidence of this committee which is to deal with matters of interest to all members of the House of Commons is deserving of consideration. I realize that some members will never look at the reports that will be published, but even if only ten or twenty members read them, I submit it would be useful to have them printed. I do not want to have any restraint placed upon the relevant evidence that may be given, but I believe the members of the committee are in earnest in their intention to ask only pertinent questions of the witnesses; therefore, the evidence will be much shorter and less costly.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Might I suggest that

this motion be allowed to stand until the chairman of the committee and the minister have had an opportunity of conferring.

Motion stands.

PENITENTIARY ACT AMENDMENT

COMPUTATION OF TIME SERVED BY CONVICTED PRISONERS PENDING APPEAL

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved for leave to introduce Bill No. 36, to amend the Penitentiary Act.

He said: The purpose of this bill is to harmonize the provisions of the Penitentiary Act with those of the criminal code with regard to the computation of the time served by convicted prisoners who are detained in gaol pending the determination of appeal.

Motion agreed to and bill read the first time.

CANADA EVIDENCE ACT

HUSBAND OR WIFE COMPETENT WITNESSES IN CERTAIN PROSECUTIONS—SUBMISSION OF CERTAIN PROOF BY AFFIDAVIT

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved for leave to introduce Bill No. 37, to amend the Canada Evidence Act.

He said: This bill involves three changes in the act. The first amendment is to make a wife or husband competent and compellable witnesses for the prosecution in charges of theft by either the husband or the wife of the property of the other while living apart. This is a special offence under section 354 of the criminal code. The other two changes are for the purpose of avoiding cost in proceedings. The first is to permit proof by affidavit of the sending of a notice or an order by any branch of the public service instead of compelling witnesses to go from Ottawa to all parts of Canada to make that proof. The other amendment is for the same purpose but with regard to banks. It is to permit proof by affidavit that there is no account where a cheque has been issued, if such be the case. Under the law as it is, it is permissible to prove by affidavit that there is an entry on the books of a bank, but there is no permission to prove the negative. This is to make both the same.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

INCOME TAX EVASIONS

Mr. CHURCH:

1. Has the attention of the government been called to the evasions of income tax in Canada by wealthy evaders who have left Canada?

[Mr. Mackenzie King.]

2. Is the government aware of several rich millionaires moving to the West Indies and other places outside Canada, with their wealth, to escape taxation, and, if so, what action has been taken?

3. What has been done to effect such a proposal and for a registration system to check evasions, and will any select committee be appointed to go into the matter?

4. Is the government aware that scores of wealthy Canadians are taking up residence in the Bahamas in order to escape tax levies?

5. Will any register be established of income tax?

6. Is any list of delinquents published in the blue book form, or has the auditor general asked leave to check up same?

7. Will correspondence, if any, between the auditor general and the Department of Justice on this subject, be tabled?

8. What action has been or will be taken in the matter?

9. What does Ontario pay federal government for collecting its income tax, or is it collected at cost?

10. What steps are being taken to amend either (a) the criminal code; (b) the Immigration Act, or other statute law, to prevent Canadians in Canada crediting all their assets to companies they own or control and then escape income tax by investing surplus abroad?

11. Have any representations been made by the government of Ontario to either jointly with federal power or separately take action herein, and will all correspondence, if any, be tabled?

Mr. ILSLEY:

1. The words "evasion" and "evaders" are not precise. If they be taken as implying default under the Income War Tax Act, the answer to the question is in the negative. If they refer to persons who have left Canada, wholly abandoned their residence in Canada, and are permanently resident abroad, the answer is in the affirmative.

There are such persons. They are, however, not within the purview of the Income War Tax Act. They are required to pay only in respect of income which has its source in Canada, in the same manner as other non-residents of Canada who have the source of their income within Canada.

There are a number of persons, said to be well-to-do, who continue to maintain a residence in Canada but who also have a residence abroad in which they spend a considerable portion of their time. The government is not aware that any of these persons evade their Canadian income tax liability. They are all liable to income tax on the total income from whatever source derived throughout the world, whether directly or through the holding of shares of personal corporations incorporated abroad, because they have a residence in Canada, which brings them within the purview of the law whether they are personally in Canada or not.

Therefore there are two groups of persons,—

First, those who have a residence in Canada and also may have a residence abroad, and

Second, those who have no residence at all in Canada and reside wholly abroad.

The government is not aware in either case of evasion of the Canadian income tax law. The former pay, as stated, on their total income from all over the world. The latter do not evade, they simply are not within the purview of the income tax law as residents of Canada. They only pay, as all non-residents of Canada throughout the world pay, namely on the income which has its source within Canada or on the profit, if any, from the carrying on of any business in Canada.

2. The government is aware that some persons give up their residence in Canada and take up residence outside of Canada, just as some persons give up their residence abroad and take up residence in Canada. Persons leaving Canada move into jurisdictions some of which have higher and some lower taxation laws than exist in Canada. The government is aware that some persons said to be well-to-do have left Canada and abandoned all residence therein.

3. A tax roll continually amended so as to keep it up to date is maintained in the income tax division showing all persons resident, ordinarily resident or carrying on business in Canada and as such liable to income tax.

4. The government is aware of a number of Canadians who have taken up residence in the Bahamas and other places and who at the same time maintain a residence in Canada. Such persons continue to pay tax in full as residents of Canada on their total income from sources throughout the world, even though they be personally absent from Canada for a substantial portion of each year.

The government is aware that some Canadians give up their residence in Canada and reside entirely abroad. Non-residents of Canada throughout the world are not liable to Canadian income tax except in respect of income that has its source in Canada.

5. See answer to Number 3.

6. If by "delinquents" is meant those who are delinquent in filing income tax returns, the tax roll section of the income tax division requires the filing of returns and if not filed the delinquents are prosecuted for failure so to do.

If by "delinquents" is meant those who do not pay their taxes in full, the collection section follows up the outstanding amount, demanding payment from the taxpayer and may enter upon such legal action as may be necessary to effect collection. All ledger accounts are open to the auditor general for checking purposes.

7. See Auditor General's Report—1937, Vol. 1, p. 253, et seq.

8. Answered by Number 7.

9. At the rate of $80,000 a year.

10. Steps were taken, to prevent personal companies incorporated abroad from being used to minimize taxation by requiring all persons resident or ordinarily resident in Canada who owned, directly or indirectly or through trusts, shares of companies incorporated in any part of the world outside of Canada, when the income of such company is derived from interest, rents, royalties, dividends or other similar income, to declare under the Canadian law in their individual income tax returns the income of such company or companies, whether the same is or is not in fact distributed, and as well all personal income from whatever source derived and to pay tax on the combined income. This was passed in 1926 applicable to 1925 and subsequent years. Any person who files a false return is subject to prosecution under Part 15 of the criminal code. No further steps are being taken to amend the acts referred to in the question.

11. No such representations have been made, therefore there is no correspondence to table.

OTTAWA PUBLIC WEIGH SCALES

Mr. DOUGLAS (Weyburn):

1. When was the last inspection of public weigh scales in the city of Ottawa?

2. What were the reasons of said inspection, and, (a) the number rejected; (b) the number passed?

3. Has the department adopted methods to reduce the capacity weighing of the Ottawa public weigh scales from 20,000 to 13,000 pounds?

4. If so, (a) what method has been used; (b) how many scales have been affected; (c) on whose authority was such action taken; (d) what was the reason for such action?

Mr. EULER:

1. January 18 to 22, 1938.

2. Request by city officials for quarterly inspection. (a) three (passed after minor adjustments); (b) eight.

3. Answered by 4 (a).

4. (a) The travel of the main saddle poise was restricted by a stop block; (b) Six; (c) No authority involved—suggestion by the department acted upon by the city; (d) To keep excess truck loads off the lighter scales.

GREAT BRITAIN AND ITS EXTERNAL AFFAIRS—BRITISH WHITE PAPER TABLED IN LONDON

Mr. CHURCH:

1. Will the government prepare another white paper similar to the one they issued regarding Italy and Ethiopia, giving all correspondence in relation to the government of Great Britain and its external affairs, as far as related to Canada since the last white paper was issued here?

2. Would it be possible for the government to secure copy of the British white paper said to have been laid on the table by the Prime Minister in the House of Commons, London, to-day, covering foreign affairs with references as they relate to the dominions in this matter?

3. If these two white papers are prepared or received by the government, will they be laid on the table of the house and a copy distributed to the members?

Mr. MACKENZIE KING:

1. It is not considered practicable to furnish a document of the scope suggested.

2. Copies of the white paper tabled in the House of Commons at Westminster March 2, by the government of the United Kingdom, which dealt with defence questions, will be available in the library of parliament shortly.

3. Answered by No. 1 and No. 2.

CHEESE SENT TO DROUGHT AREAS

Mr. THOMPSON:

1. What quantity of cheese was purchased by the government and shipped to the drought areas in the western provinces?

2. From whom, or from what organization was this cheese purchased?

3. What price per pound was paid for same?

Mr. GARDINER:

1. 1,841,429 pounds.

2. and 3. Cooperative Federee de Quebec, Montreal, 14½ cents per pound plus one-quarter cent per pound cutting and waxing.

Lovell & Christmas (Canada) Limited, Montreal, 14¾ cents per pound plus one-quarter cent per pound cutting and waxing.

Hodgson, Rowson & Co. Limited, Montreal, 14⅝ cents per pound and 14¾ cents per pound plus one-quarter cent per pound cutting and waxing plus cartage.

Ontario Cheese Producers Association, Belleville, Ont., 14¾ cents per pound plus one-quarter cent per pound cutting and waxing plus Montreal storage and cartage.

Canada Packers Limited, Toronto, 14⅝ cents per pound, 14½ cents per pound, 14⅜ cents per pound plus one-quarter cent per pound cutting and waxing.

Ingersoll Cream Cheese Co., Limited, Ingersoll, Ont., 14½ cents and 14¾ cents per pound plus one-quarter cent per pound cutting and waxing.

[Mr. Euler.]

Canada Packers Limited, St. Boniface, Man., 14¾ cents per pound, 15½ cents per pound plus one-quarter cent per pound cutting and waxing.

Saskatchewan Cheese Manufacturing Association, Regina, 15½ cents per pound.

O. W. Chretien, Lisieux, Sask., 15½ cents per pound, 16 cents per pound plus cartage.

MONTREAL POST OFFICE—EMPLOYEES

Mr. DESLAURIERS:

1. Is Mr. B. Foisy who has worked in the post office at Montreal for the last six or seven years the same individual who has an office at 60 St. James St., Montreal?

2. Has he refused regular employment in the post office?

3. What is his monthly salary?

Mr. EULER:

1. Mr. B. Foisy, a part time postal clerk in the Montreal post office, is a notary and is registered with the notary board.

2. Yes.

3. Mr. Foisy is paid at the rate of 45 cents an hour for each hour worked. His earnings from the post office for the months of December, 1937, January, 1938, and February, 1938, were as follows: December, 1937, $25.42; January, 1938, $2.47; February, 1938, nil.

Mr. DESLAURIERS:

1. Is Mr. P. E. Bisson, who is temporarily employed at the Montreal post office, the same individual who occupies a regular professorial position in the college Jean de Breboeuf?

2. Has he refused regular employment in the Post Office Department?

3. What is his monthly salary?

Mr. EULER:

1. Mr. P. E. Bisson, a temporary part time postal clerk in the Montreal post office, was formerly a teacher in the College Jean de Breboeuf but is no longer employed as a teacher at this college.

2. Yes.

3. Mr. Bisson is paid at the rate of 45 cents an hour for each hour worked. His earnings from the post office for the months of December, 1937, January, 1938, and February, 1938, were as follows: December, 1937, $71.10; January, 1938, $29.27; February, 1938, $32.17.

Mr. DESLAURIERS:

1. Is Mr. Aurele Brisebois, an employee in the Montreal post office, proprietor of the pool and billiard room, known as the "Montreal Silent Club," located on Mont Royal street, near Papineau street?

2. What is his monthly salary?

3. In what year did he pass his examinations?

Mr. EULER:

1. As the department had no information, inquiry was made at Montreal and it has been ascertained that Mr. Aurele Brisebois of the Montreal post office is the proprietor of the pool and billiard room known as the Montreal Silent Club.

2. $110.

3. October, 1928.

Mr. DESLAURIERS:

1. Is Mr. F. X. P. Labelle, an employee of the Montreal post office, the same individual as Doctor Paul Labelle, residing at 4174 St. Denis street, Montreal, having a dental office at that place, and actually a dentist on the staff of St. Luke's hospital?

2. If so, what salary does he receive from the Post Office Department annually?

3. How many times during the past six months, if any, has he been replaced in his postal position?

4. In what year did he pass his examinations?

Mr. EULER:

1. F. X. P. Labelle, postal clerk of the Montreal post office, is a qualified dentist. He resides at 4174 St. Denis street, Montreal, but is not a dentist on the staff of St. Luke's hospital. According to his own statement, he practises dentistry in his spare time and his remuneration from this source approximates $100 a year.

2. $1,740 a year.

3. Mr. Labelle has been absent from duty four times during the last six months on account of illness for a total of seventeen days.

4. September, 1927.

GRANTS TO FLYING CLUBS

Mr. BLANCHETTE:

1. How many government subsidized private flying clubs are there in the dominion, and where are they located?

2. How many members are enrolled in each of these clubs?

3. When was each of them founded?

4. What is the amount of grants which each received in, 1936 and 1937?

Mr. HOWE:

Information Concerning Light Aeroplane Clubs

1. Names of light aeroplane clubs	2. Membership as at Dec. 31, 1937	3. Year in which club was founded	4. Amounts paid each club in grants 1936-37
Aero Club of B.C.	94	1929	$ 279 39
Brandon Aero Club	60	1931	720 00
Brant and Norfolk Aero Club	80	1930	700 00
Border Cities Aero Club	87	1928	1,408 59
Cape Breton Flying Club	144	1930	353 15
Calgary Aero Club	67	1928	1,720 00
Edmonton and Northern Alta. Aero Club	145	1928	2,100 00
Fort William Aero Club	63	1929	760 00
Halifax Aero Club	73	1928	578 85
Hamilton Aero Club	170	1928	1,779 43
Flying Club of Kingston	86	1929	1,300 00
Kitchener-Waterloo Flying Club	37	1932	398 00
London Flying Club	82	1929	1,100 00
Moose Jaw Flying Club	66	1928	2,247 00
Montreal Light Aeroplane Club	138	1928	564 40
Ottawa Flying Club	120	1928	1,122 96
Regina Flying Club	86	1928	1,891 38
St. Catharines Flying Club	57	1929	586 45
Saint John Flying Club	74	1929	300 00
Saskatoon Aero Club	90	1928	1,557 22
Toronto Flying Club	601	1928	2,001 30
Winnipeg Light Aeroplane Club	378	1928	2,935 18
Totals	2,798		$26,403 50

NOTE.—In addition to the above amount paid in grants, $5,000 was granted to the Canadian Flying Clubs Association.

COLEMAN, ALTA., AIRPORT

Mr. HANSELL:

1. Is the airport at Coleman, Alberta, a government project?

2. If so, how much did it cost?

3. Was the work on this airport a government relief project or was it done by contract?

4. Has the work been completed?

5. If not, when is it expected to be completed?

Mr. HOWE:

1. Yes.

2. $98,334.52 (31-12-37).

3. Expenditure of $75,707.53 under unemployment relief. Expenditure of $22,629.99 under civil aviation division. (All work done by day labour).

4 and 5. All work proposed for present has been completed.

NOTE: Re No. 4. Grading and surfacing completed. Boundary markers, circular markers and fencing erected. Building completed for radio-meteorological services. Field suitable for high-speed aircraft.

INCOME TAX LEVIES

Mr. CHURCH:

Will the government consider summoning another interprovincial-dominion conference on the whole subject of Income tax levies with a view of restoring this tax to the municipalities in whole or in part?

Mr. DUNNING: This question relates to a matter of policy and it is not usual for the government to make statements on matters of policy in giving replies to questions.

*INCOME TAX—REFERENCE TO SUPREME COURT

Mr. CHURCH:

In view of the triplicate income tax in Canada by federal, provincial and municipal authorities on the same class of personal property, will the government consider submitting to the Supreme Court of Canada, under the Supreme Court Act, a reference to clear up the whole question of jurisdiction on this form of taxation?

Mr. LAPOINTE (Quebec East): No.

Mr. CHURCH:

1. Will the government refer for the opinion of the Supreme Court of Canada under the Supreme Court Act, a reference to the jurisdiction of federal power to levy, assess, and collect with interest, and penalties and distraint an income tax as agent for provincial authority?

2. Will a stated case by way of a reference be made by the government on matters which conflict with the case of The King vs. Caron?

Mr. LAPOINTE (Quebec East):

1. No.

2. No.

[Mr. Howe.]

RECOGNITION OF ITALIAN GOVERNMENT AS GOVERNMENT OF ETHIOPIA

Mr. CHURCH:

On January 27 and February 9, pursuant to an order of the house, a return was laid on the table in answer to my inquiry: "Has Canada approved, or been asked to approve, of the conquest of Ethiopia by Italy." In view of the statement yesterday by the Prime Minister of Great Britain that they have recognized this conquest de facto, has the government of Canada approved of the action taken since the return mentioned was tabled?

Mr. MACKENZIE KING: The Canadian government is not aware of any statement made by the Prime Minister of the United Kingdom on March 2nd that the United Kingdom has recognized de facto the conquest of Ethiopia by Italy. A statement of March 2nd respecting this question was, however, made by the foreign office in connection with litigation at present before the courts in London. This statement is reported in press dispatches as follows:

His Majesty's government recognize the Italian government as the government de facto of the part of Ethiopia which they control, and according to their information the Italian government now is in control of virtually the whole of Ethiopia. His Majesty's government therefore recognize the Italian government as the government de facto of virtually the whole of Ethiopia.

The foreign office statement does not purport to indicate that recognition of the Italian government as the de facto government of the part of Ethiopia which they control has only recently been accorded. The de facto recognition, to which reference is made, may be considered to have taken place during the latter part of 1936 or early in 1937, when the governments of the United Kingdom, France and certain other countries, after securing from the Italian authorities formal assurances of the grant of adequate facilities, decided to reduce their respective legations at Addis Ababa to consulates.

ROWELL COMMISSION—TOTAL COST TO DATE

Mr. JAQUES:

1. What is the total cost to date of the Rowell commission?

2. What are the rates of pay and allowances (travelling and living) made to the commissioners, and the amount paid to date to said commissioners?

3. What are the rates of pay and allowances of any kind to counsel and assistant counsel of the commission, and the amount paid to date to each such official by name, under these or other heads?

4. What is the total cost to date for: (a) secretarial assistance; (b) clerical assistance; (c) preparation of stenographers' reports of proceedings of the said commission?

Mr. DUNNING: The information asked for in this question is given in an order for return tabled to-day, asked for by Mr. Edwards.

HOME IMPROVEMENT LOANS

Mr. COLDWELL:

1. What were the number of home improvement loans and the amount advanced between March 1, 1937, and February 28, 1938, by provinces?

2. What were the number of family units provided under the said Act between March 1, 1937, and February 28, 1938, by provinces?

3. What were the number of applications for loans from March 1, 1937, to February 28, 1938, by provinces?

Mr. DUNNING:

1.	Number	Amount
Prince Edward Island..	384	$ 101,337.85
Nova Scotia..	2,451	758,445.74
New Brunswick..	1,186	406,979.31
Quebec..	4,423	2,206,391.60
Ontario..	13,762	5,448,892.07
Manitoba..	2,050	780,697.70
Saskatchewan..	770	270,012.30
Alberta..	2,279	985,489.22
British Columbia.. ..	3,192	1,021,510.27
	30,497	$11,979,756.06

2. If this question relates to the Home Improvement Loans Guarantee Act and not to the Dominion Housing Act, no information can be given. Many home improvement loans are for the purposes of converting single unit houses into multiple unit houses but the information regarding the total number of family units provided is not compiled.

3. Applications for home improvement loans are made in the first instance to chartered banks and other approved lending institutions and they do not report the number of applications received.

CANADA-UNITED KINGDOM TRADE AGREEMENT

Mr. PURDY:

1. When do the United Kingdom-Canada trade agreements expire?

2. Is the United Kingdom bound to renew these agreements if requested to do so by Canada?

Mr. MACKENZIE KING:

1. In accordance with the provisions of article 17 of the Canada-United Kingdom trade agreement it will remain in force until the 20th August, 1940. Unless six months before the 20th August, 1940, notice of termination shall have been given by either government to the other, the agreement will remain in force until the expiry of six months from the date on which a notice of termination is given.

2. No.

*EXCHEQUER COURT CASES

Mr. BLACK:

1. How many cases are actually under advisement before each of the honourable judges of the Exchequer Court of Canada?

2. What are the parties in each of these cases?

3. How long have they been under advisement?

4. If any case has been under advisement more than three months, what are the reasons why judgment has not been rendered before?

Mr. LAPOINTE (Quebec East): The government has no information.

QUESTIONS PASSED AS ORDERS FOR RETURNS

JOSEPH PHILIPPE ROLAND ROY

Mr. MacNEIL:

1. For what period, and with what rank was Joseph Philippe Roland Roy attached with a commission to the permanent active militia?

2. What were the units to which this officer was attached?

3. Were the annual confidential reports of his senior officers throughout this period favourable or unfavourable?

4. Were any charges of misconduct made against him during service and upheld by formal inquiry?

5. Under what authority, and for what reasons was this officer retired from the force?

6. Did this officer request an official enquiry upon retirement in order to clear his record and character of any aspersions cast thereon? If such enquiry was refused, under whose authority and for what reasons?

7. Was he granted full pay and allowances until effective date of retirement or any gratuity or pension to which he might ordinarily be entitled?

8. At what rank was he retired?

VEGETABLE OILS

Mr. BARBER:

1. What is the amount in pounds of vegetable oil, not for food, imported into Canada during each of the years 1920, 1925, 1930, 1935, and 1936?

2. Is any of this vegetable oil imported, not for food, processed and sold as shortening or for other edible purposes?

3. How much vegetable oil imported, not for food was refined and sold as vegetable oil shortening during each of the years 1920, 1925, 1930, 1935, and 1936?

4. How much Canadian inedible animal tallow, grease and oil, not for food, is manufactured into edible products?

Mr. HAYHURST:

1. How many tank steamers of vegetable oils (not for food) were brought into Canada in the year, (a) 1936; (b) 1937?

2. How much shortening was made from imports of vegetable oils designated as (not for food) in, (a) 1936; (b) 1937?

3. What quantity of vegetable oils for food in pounds was imported into Canada in the year, (a) 1936; (b) 1937?

4. What quantity of vegetable oil shortening was produced in Canada in, (a) 1936; (b) 1937?

5. How much vegetable oil shortening was made from imports for food purposes in, (a) 1936; (b) 1937?

6. What is the average cargo of a tank steamer of vegetable oils?

DREDGES OWNED BY CANADIAN GOVERNMENT

Mr. HARTIGAN:

1. How many Canadian government owned dredges are there in Canada?

2. Where are they located?

3. At what amount does the government value them?

4. How many Canadian government tugs are there in Canada?

5. Where are they located?

6. At what amount does the government value them?

RURAL MAIL CARRIERS

Mr. FERLAND:

1. During the current fiscal year, what is the average rate per mile annually paid to rural mail carriers: (a) in the whole of Canada; (b) in each of the provinces?

2. During the same period, what will be the cost of mail distribution by rural carriers?

3. What would be the additional cost if all the rates for rural mail service below $35 per mile per annum were raised to $35?

FINANCIAL ASSISTANCE TO PROVINCES

Mr. PURDY:

1. What was the amount of financial assistance granted by the federal government to and/or in each province of the dominion for the fiscal year 1936-37, and also from April 1, 1937, to February 28, 1938, including any commitments not fully implemented?

2. What were the respective amounts under the principal headings?

COST OF RELIEF—INCOME TAX COLLECTIONS

Mr. CHURCH:

1. How is the item one hundred millions, mentioned by the Minister of Labour as the cost if the government assumed and took over the total cost of relief in Canada, made up?

2. If the amount spent as at present per annum under provincial agreements is deducted, what will the balance be?

[Mr. Barber.]

3. What is the total income tax collected in Canada for the last year of record?

4. How much does Ontario contribute?

5. What does the Toronto district contribute?

6. How much is now spent on relief for all Canada?

7. How much a year is spent on drought relief in Saskatchewan?

JAPANESE IMMIGRATION

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, on Friday last the right hon. leader of the opposition (Mr. Bennett) inquired if it has been ascertained, as the result of the investigations that have been made, how many Japanese have entered this country illegally.

My right hon. friend proceeded to say that possibly the minister would be unable to give an answer at this stage. That is correct. The inquiries which have been proceeding have given a very considerable amount of information, but it would not be possible to give any definite or conclusive reply to the question at the present stage. One of the main purposes of establishing the board of review to which I referred on Friday is to procure this full information. I may add that as the result of inquiries by immigration officers and the Royal Canadian Mounted Police, 145 Japanese have been deported for illegal entry in the period 1931 to date.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I was going to ask the Prime Minister, not knowing that he would answer my other inquiry to-day, whether or not the jurisdiction of the board of review will extend to the whole question of Japanese immigration and penetration into our country, or would it be limited, as a reading of his remarks might indicate? There is a good deal of interest in the matter, and I have been asked to ascertain, if possible, just what the jurisdiction would be in the premises.

Mr. MACKENZIE KING: The board has been appointed to deal with the subject of illegal entries—

Mr. BENNETT: Only?

Mr. MACKENZIE KING: Only, yes. However, I would assume that in any inquiry directed to illegal entries, much information that was incidental thereto would be ascertained.

MOTIONS FOR PAPERS

PRAIRIE FARM REHABILITATION ACT

Mr. MITCHELL (for Mr. Hansell):

For a copy of all letters, telegrams, correspondence, contracts, tenders and other docu-

ments in the possession of the government, dated during 1937, with respect to the proposed scheme under the Prairie Farm Rehabilitation Act, at Enchant, Alberta.

CHARGES AGAINST OFFICERS OF ROYAL 22ND REGIMENT

Mr. COLDWELL (for Mr. MacNeil):

For a copy of all orders, decisions, letters, telegrams, recommendations and recorded evidence relating to the court of enquiry held by the Department of National Defence in Quebec, August 24 to August 28, 1936, to deal with charges against officers of the Royal 22nd Regiment.

Mr. POWER: Mr. Speaker, I am informed that the proceedings of the board of inquiry are of a confidential character and that the documents and memoranda relating thereto come within the category of privileged communications. I would therefore suggest that this motion be not passed.

Motion dropped.

DISALLOWANCE AND RESERVATION OF ALBERTA LEGISLATION

Mr. COLDWELL:

For a copy of all petitions, correspondence, and other documents, relating to the disallowance of the three Alberta acts (August, 1937), the reservation of the three Alberta bills (October, 1937), and the reports of the Minister of Justice on these acts and bills.

Mr. MACKENZIE KING: Mr. Speaker, just before the motion is adopted, may I say to my hon. friend that, as he no doubt must surmise, there has been an immense amount of correspondence, much of which is communications from private individuals, and a good deal of it in the nature of what might be described as form letters, resolutions of social credit groups and communications from various bodies. It would take a long time to have it all copied, and I assume it would be of little value to my hon. friend if it were; but if what he is really anxious to obtain, as I believe it is, are the important documents and everything that would really be relevant for purposes of consideration and debate, I should be very glad to have the order passed in that way. I might add that if my hon. friend wishes at any time to see the files for himself I shall extend a welcome to him in the Prime Minister's office, and I am sure the Minister of Justice (Mr. Lapointe) will in his.

Mr. COLDWELL: I thank the right hon. gentleman for his suggestion. I am interested only in the important documents.

Motion as amended agreed to.

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Mr. COLDWELL:

For a copy of any instructions sent to the Lieutenant-Governor of Alberta in regard to the reservation of the three Alberta bills in October, 1937.

Mr. LAPOINTE (Quebec East): Mr. Speaker, there were no instructions sent to the lieutenant-governor of Alberta.

Motion dropped.

PROPOSED DISALLOWANCE OF ONTARIO POWER COMMISSION ACT, 1935

Mr. COLDWELL:

For a copy of all correspondence, petitions, and other documents, relating to proposed disallowance of the Ontario Power Commission Act, 1935, and any reports of the Minister of Justice thereon.

Mr. MACKENZIE KING: Mr. Speaker, perhaps my hon. friend would allow what I said with reference to his previous notice of motion to apply also to this one.

Mr. COLDWELL: I understand that.

Motion as amended agreed to.

STATE MEDICINE

PROPOSED PROVISION BY THE GOVERNMENT FOR THE MEDICAL CARE OF THE SICK

Mr. DANIEL McIVOR (Fort William) moved:

That, in the opinion of this house, it is most urgent that state medicine be established in the Dominion of Canada.

He said: Mr. Speaker, I must admit that in introducing this resolution I do not feel as comfortable around my stomach as I did before dinner, but the motion is to be seconded by one who is thoroughly worthy, the hon. member for St. Boniface (Mr. Howden), my former family doctor.

I should like to say in opening that I am indebted for help on this big question from many sources. I of course have had first-hand information. We have also listened to many radio addresses; we have had information from health magazines, and from material disseminated by health boards throughout Canada. Many of our church leaders have also given us much help.

When one thinks of state medicine in any form, it certainly appears as a gigantic task, I can only say, in the words of the hon. member for Rosthern (Mr. Tucker), that we cannot expect to change our whole system at once, or even rapidly; we must do it gradually and be thankful for the success that we are getting.

A definition seems necessary at this stage. I would say that state medicine means this: a system of socialized medicine making available to all complete medical service at public expense.

This, Mr. Speaker, is a living question. It is a living question to those who see the need for it daily; it is a dying question to those who are afflicted and cannot get necessary medical care. State medicine is not a dominion question only, but is linked up closely with the provinces. Hon. Doctor C. M. Weir, provincial secretary for British Columbia, says it is necessary to have cooperation with the dominion government. We appreciate that, and I am sure the members from British Columbia and the other provinces are ready to say, in the words of Dickens, "Barkis is willin'."

There may be hon. members who think that because I am not a doctor I have no right to speak on this question. But I maintain I have every right to speak because of what I know, and because of the reality of the things I have seen, and because, too, of the number of times that I have seen the doctor do all he can, serve faithfully to the end, and then say to the minister: I have done my best, and I must now hand the patient over to you. I should like to give you an example of that. In the town of Souris two doctors were called in to attend one who was seriously ill. When they left I asked them if there was any hope, and they shook their heads. The finger nails of the patient were purple, his lips were purple, and his eyes were becoming glassy. His temperature was 105⅘ and his pulse was over 140; he had the death rattle in his throat. I said, "I suppose I can put on all the mustard I like;" they said, "It won't hurt." So I stood in the door of that room; I asked the Great Physician to take charge, and I was willing to cooperate to the limit. We continued to apply mustard every half hour from then on to six o'clock in the evening, which was about eleven hours. Then the patient called out that he was burning up; and we were thankful to see when we took off the mustard that there was much sweat. I was going out to get him a drink of water, when he called to his wife, "Make that sky pilot stand in the door and thank the Great Physician." Therefore, Mr. Speaker, having afterwards given that man seventy-six hypodermics of digitalis, strychnine and camphor oil, I know a little bit about medicine. I believe I have some right to speak on this question because of my association with doctors who have given outstanding services to patients which have been much appreciated. But I would interject here that, being of course inexperienced in this house, I have been surprised that so many members advocate cures for the diseases of the body politic and leave altogether out of consideration Him who one day took from a lad five loaves and two fishes and with them was able to feed a multitude.

This proposal implies, first, all essential medical service requisite to the recovery and maintenance of complete health; all that is necessary to the complete well-being of the sick, both physical and mental, including examination, diagnosis, services of doctors and nurses; the benefits that can be secured from hospitalization; health education, preventive service, and a check-up of all those who are ailing. Second, it implies the socialization of medicine, government responsibility for seeing that such service is freely available to all, and that existing services should be utilized as far as feasible. It does not imply compulsory use of this service, neither does it imply that private medicine shall be prevented.

I should like to give a few statistics; this matter is not in my field, but I find it necessary to do so.

More than half the deaths at childbirth which could have been avoided are caused by deficiencies in medical care; so says the New York academy of medical care. More than half the sick in certain crowded centres receive no medical care whatever; so says the United States public health service. Only three teeth in ten now receive dental care—the rest just keep on decaying; so says the committee on the cost of medical care. And that same committee adds that only one person out of ten receives a doctor's annual examination, which any doctor would say is the right way to prevent disease, by nipping it in the bud. The committee concludes, after five years of research, that our tragic failure to make full use of our hospitals, nurses, doctors and dentists causes a vast amount of preventable economic waste, physical pain and mental anguish, as well as millions of needless deaths. We need the benefits of prevention. The poet said that a fence at the top of the hill is better than an ambulance down in the valley. The remedy for this condition will not come through the individual doctor, who is often overworked and often underpaid, as will be shown a little later on; it will not come through the charity and the extra service of the medical man, or through committees. Let me quote from Mr. Greaves, who spoke lately over the radio:

> For one thing, it seems to me extremely contributive to the issue that the commercial or profit motive should be, if utilized at all, relegated to second or indirect place. . . .

The direct profit motive should be eliminated, for it detracts attention from the full, hearty serving in the cause.

If the medical men did not have to worry any more about their salaries, that is if they were like the ministers in that respect, they would give far better service. Mr. Greaves continues:

Secondly, prevention and remedy of disease cannot be genuinely effected unless the public has at its disposal, and at a reasonable cost, everything which it needs for each individual case and which science has discovered for our hygienic benefit.

That is, they should have at their disposal in the cause of health those things which are needed to deal with the average case that comes to them for attention. Hon. Doctor Weir, provincial secretary of British Columbia, says that in Canada in 1930 five out of eight people of average means sufficiently ill to require the services of a trained nurse were unable to pay for these services. This statement is based on the evidence of 1,189 doctors. Also he says that in Canada in 1930, illness from sixty to ninety days in hospital bankrupted fifty per cent of the people of moderate means for periods ranging from two years to five years and over. In British Columbia in 1935, out of 9,000 heads of families on relief, 1,600, or about eighteen per cent, were suffering from partial disabilities, while additional numbers were totally disabled or were suffering from temporary difficulties.

From the Health League of Canada I quote:

Every year thousands of Canadians die from preventable diseases.

This health league has done a great deal to aid in the cure of preventable disease. The writer tells us that the success of vaccination made medical science think along new lines; that they have been exploring other fields and are doing great work. They tell us that one out of three dies ahead of his time. Professor Winslow of Yale university states that twenty-nine per cent of the deaths in the United States registration area are postponable; and we have the authority of the Health League of Canada for the statement that thirty-four per cent of the deaths in Canada, also could be postponed. Half of our disease, they say, is preventable. One hundred and eighty thousand Canadians are always sick; of these ninety-one to ninety-six per cent are ill enough to be disabled. So that 1·82 per cent and 2·88 per cent, or more than two per cent of the whole population, is always too sick to work; that is, two per cent of Canada's population, or 180,000 persons, are always on the sick list. The bulletin states:

Of the population of Canada, thirty per cent are adult males; thirty per cent are adult females.

It is thus estimated that 54,000 adult males are continuously ill. This amount of illness would suggest that in the adult male population alone there are lost each year 16,200,000 working days.

Calculations show that, for every twenty males gainfully employed, there are approximately six females similarly employed. This would suggest that, in addition, the female population loses 4,800,000 working days per year.

Total loss per year—21,000,000 working days, at least fifty per cent preventable.

Superfluous loss per year—10,500,000 working days.

Converted into money, the annual cost of illness is estimated to be approximately $300,000,000. To this is to be added a much larger sum in the cost of postponable deaths. In the United States this is said to be six billions annually, and in Canada it is on a corresponding scale.

Let us consider mothers' allowances for a moment. These are paid for the most part to young widows with dependent children. One province alone spends over two and a quarter million dollars a year for the relief of the distress of widows and orphans whose husbands and fathers in a large number of cases have died as a result of preventable diseases.

Referring to British Columbia again, I understand that different countries have adopted the voluntary system, while in others the contributory system prevails. The following countries have the compulsory system: Austria, Bulgaria, Chile, Czechoslovakia, Denmark, Esthonia, France, Germany, Great Britain, Greece, Hungary, Northern Ireland, Italy, Japan, Latvia, Lithuania, Luxemburg, The Netherlands, Norway, Poland, Portugal, Roumania, Russia, Switzerland, Jugoslavia. The voluntary system exists in the following countries: Argentina, Australia, Belgium, Finland, India, Italy, New Zealand, Palestine, Spain, Sweden, Switzerland, Union of South Africa, Uruguay.

May I read a note on one of the most progressive countries that have health insurance or state medicine: I refer to Northern Ireland, Northern Ireland came under the British scheme of health insurance in 1930, and in 1934 the various organizations there were unified by being absorbed in a single national health insurance society. The note reads:

Ireland came under the British scheme of health insurance in 1930. In 1934, the Irish societies were unified by all being absorbed into a single National Health Insurance Society. This unification is regarded as a preparatory measure with a view to the institution of a

comprehensive insurance scheme which will adequately protect the worker and his family against all the social risks.

When any movement is led by such countries, especially by a progressive people like those of Northern Ireland, we can sit up and take notice.

There are two outstanding arguments for state medicine; first, there is the urgent need of those who are ill, and, second, the doctor. I will treat both these points in a general way. There is vital need for some socialization of medical services, in the first place because of the serious shortcomings that exist under the present system in spite of the great advance in the science of medicine, resulting in poverty and often in death; and, secondly, because the prevention and cure of disease have by no means kept pace with the advancement in medical science. There is a third factor to be considered, however, and that is the maladjustment of medical science to public need. The inadequacy of medical services to the needs of the public is shown very clearly in the lack of both personnel and funds contributed to various public health agencies. In private medicine there is an insufficiency of personnel, inaccessibility to equipment, and inability among the masses to pay the cost of medical care.

As most hon. members know, the wage of the average worker or head of a family is about $986 a year, there being five persons in the average family; in other words, the monthly salary of the average worker is about $80, and this has to maintain five persons. Obviously some essentials must be cut to the very bone. Doctors are not called till the very last moment; they are called only when it is absolutely necessary. Many ailments appear in later life as the result of malnutrition attributable to lack of proper care for mothers during the developmental period of child life. Captain MacPherson tells us that there is great loss of life because people are unable to call the doctor when necessary; they cannot pay the bill. There can be improvement only by the organization of medicine to serve the needs of society. Private medicine has failed to some extent. Medical equipment is insufficient and in some instances there is lack of confidence. As a result, those who are ill resort to other cures. Some have turned to Christian Science, and here I would say that if Christian Science would only use all the means at its disposal, all the things that have been found by medical science to be of benefit, and would then leave everything to the Great Physician, it would accomplish much good. There are others who apply to druggists for remedies. Perhaps some of us have been guilty of this. But the druggist cannot prescribe, because he cannot diagnose properly. Again, others use patent medicines.

The cost of medical service has assumed such alarming proportions that adequate medical care can be paid for only by those who are wealthy. The very poor can also be assisted, but the great middle class can get no help. The high cost of medicine is due largely to the cost of hospital and nursing services, though these in themselves are not exorbitant. The upkeep of hospitals and the cost of all the equipment used are not excessive, and everyone knows that nurses are not overpaid.

There has been great progress in medical science, especially in the field of obstetrics, and yet it is found that in Canada from twenty-five to thirty-five per cent of the mothers in childbirth are unattended. Again, the doctors are not fairly paid under the present system; only a few earn large incomes. The doctors with whom I have discussed this question are all in favour of state medicine, with the exception of those who have first-class practices—the $100 or $150 a day men. A great deal of free work is done for the poor in hospitals and clinics without remuneration, and the doctors do more of such work than any other professional man, except the clergyman. Let me give you an outstanding example. Doctor Riddell of St. Boniface told me once that in 1925 the hon. member for that constituency (Mr. Howden) had $75,000 coming to him from the community and that he would never get it. This is not fair to the profession. To ask a doctor to go out at all hours of the night on some of the most urgent cases and not to have him paid is most unfair. The efforts of the medical men to remedy the situation are insignificant. Voluntary clinics have been established but there are not enough of them to be of general service. The control of medicine by the state would offer a remedy. Medical service provided for the community should include provision for scientific diagnosis and treatment of all its members in need of medical care. It should provide for the adequate financial remuneration of doctors and should encourage health education and the control of disease. This can be provided by state medicine, whereby the work of all agencies in the community for public medicine and for preventive and curative medicine could be properly controlled. These agencies can be utilized to make the benefits of modern medicine available to all the people. By some system of

health insurance the cost of medicine can be brought within the ability to pay of the family of moderate means.

State medicine would have other advantages. To the doctors it would reduce the cost of medical education and assure them of more adequate compensation. It would raise the standards of medical practice, and remove a certain type of competition. It would provide access to needed equipment, too expensive for the individual doctor to buy for himself, and time would be available to those specially qualified to engage in scientific and medical research. It would tend to remove what any doctor here knows about, the temptation, of a kind which comes to no other professional man, to slip into malpractice.

For the patient it would have the advantage of providing for one examination in one place instead of several, without interfering with the personal relation between doctor and patient. It would guide the patient promptly to the best treatment, and provide the hospital, nursing and convalescent care that are necessary, regardless of the patient's ability to pay. It would provide capital outside the medical profession to meet the cost of those unable to pay.

State medicine is logical. It is in keeping with the spirit of the times. We already have it to a considerable degree in such matters as the control of communicable diseases, sanitation, medical care for men in the army and navy and on the railroads and in many industries. They have their nursing staff and medical staff ready at their call. Furthermore this public care for health is constantly increasing. More and more provinces are taking over the field of preventive medicine in part or in whole. Medicine is a proper field for state control, being analogous to education, and applying even more universally than education. It has many things in common with fire and police protection, which are considered indispensable to public safety. There is a legal basis for the control of medicine by the state. The state has certain police powers aiming at the protection of national existence, the maintenance of right or justice, and the public welfare. Public health is an important factor in public safety.

From personal experience I know something about the need for state medicine. I worked on construction work in Calgary and I have seen men keeping themselves in shape with appliances but unable to do a decent day's work. I asked one of them: "Why do you not see a doctor and have that minor operation?" He replied: "My wife and children need the money more than I need the operation." I served as sky pilot in southern Saskatchewan and saw farmers denying themselves what they needed, and sometimes their wives also suffering, because they were not able to pay for a necessary operation. In Winnipeg and rural Manitoba this need was evident to me twenty years ago, and the need is great at the head of the lakes to-day. Only this morning I had a man in the office who had to take his wife out of the hospital when she should have remained there, because he was not able to pay the $1.50 a day. I know that condition prevails in many other places.

Down in Cape Breton I was told by an efficient investigator that they have group medicine for those working in the mines. The men pay forty cents a week for cooperative medical service; they carry this themselves without the aid of the city or the state. But there are many people who live and die without proper medical care; children are born without a doctor and die without a nurse; children are undernourished and liable to all kinds of diseases, especially tuberculosis. I would like to give one or two instances from my own knowledge. One is the case of a mother in the city of Fort William with a boy, maintaining herself by keeping house, getting board for herself and son, and earning $20 a month. The boy developed a sore ear. She did not call a doctor, thinking she would save the expense. The result was that mastoid trouble developed and after protracted treatment she had a medical and hospital bill for over $400—this woman earning $20 a month on which to feed and clothe herself and her boy.

I was in our local hospital one day two years ago and saw something that made me decide that I would support anyone who would bring up this matter in the house. This man had seen me thirty years before, but apparently I have kept my youth a little better than he has; for he knew me although I did not recognize him. He said: "I want you to take me home." I said I would if he had the permission of the doctor and the hospital. The next day I got him home, took him out thirty-two miles and found there a cosy little home with four small children. In the bed was the mother with another happy little bundle four days old. I did not wonder that the man wanted to go home; there was no doctor there, and no nurse—just a little slip of a girl. My better half taught them first aid. I felt like rolling up that little bundle of happy possibilities and taking it home and training it as we thought it should be trained. I have seen farmers in our district suffering under the need for medical care, but, as one said to me, he would rather

die than go into debt and allow his farm to be sold and leave his wife without a dollar. The other day I learned the story of a maid who was earning $10 a month; she became ill and was taken to hospital for an operation which cost $150 plus the hospital bill. When can she pay it? That sort of thing is very effective in driving people to certain shades of thinking.

I am convinced that it is the duty of christian Canada to look after her sick. That is part of the program laid down by the Great Physician when he said: Feed the hungry; clothe the naked; visit the sick and go to those in gaol. We cannot pass by on the other side and disregard that program and call ourselves a christian nation.

I know there are many arguments against this proposal. You can get arguments against anything, as I have observed since I have been in this house. It is desirable that we should hear these arguments against state medicine or health insurance, both to show up any weaknesses as well as to demonstrate its strength. I know from reading the book of Job that the devil can justify his position, and from reading the book of Matthew that he can quote Scripture to serve his purpose. I am not particular whether it is state medicine or some other form of medical care for our people so long as our government takes up this task. I have paid my tribute in another way to the right hon. leader of the opposition (Mr. Bennett) who has grown so much in my estimation as a man of ability and a fair-minded man; as one who shows great skill in finding the weak spots in legislation, as well as being willing to approve of what is good. I think of the government as having intelligence and ability and willingness to learn, and with great resources at their disposal, willing to treat their fellow men as brothers. I think of the Minister of Pensions and National Health (Mr. Power), with his courage and readiness to be in the front line trench. I think of the Minister of Finance (Mr. Dunning) having the ability to find the money for every worthy cause, as he did in the case of pensions for the blind. I am convinced that these two ministers are not going to stand back or allow their fellow ministers to clothe themselves in priestly robes and take on sacerdotal airs and pass by on the other side while those who are sick are left to fend for themselves.

Knowing that Canadian health is Canadian wealth, we cannot afford to trifle with the physical and mental well-being of our citizens. In other words, it costs more not to have state medicine than to have it.

[Mr. McIvor.]

Mr. J. P. HOWDEN (St. Boniface): Mr. Speaker, if the motion requires a seconder, I should like to take that privilege. My first words must be those of congratulation to the mover (Mr. McIvor). For a number of years we have been close friends, having lived for some time only a door or two apart on the same street. We have played together, hunted together, visited the sick together and gone to church together. The hon. member may not have been at my convention, but it was my privilege to be at his and later to congratulate him when the votes were counted. He apologized, in a way, for having brought the motion before the house; no apology need have been made. There is no doubt that the hon. member's incentive in bringing the motion before the house was his ingrained interest in, and sympathy and love for, humanity. May I congratulate him upon having revived the subject on this occasion.

What is state medicine? A great deal has been said in the United States and in Canada in the last ten years about state medicine, but I believe I have never seen the term defined. In fact, a questionnaire directed to Doctor Routley, Grand Secretary of the Canadian Medical Association, brought this response:

> The Canadian Medical Association has not adopted any official definition of the term "state medicine" but it is my view that the council would likely be in agreement upon the following definition:
>
> "By state medicine is meant a system of medical administration by which the state provides medical services for the entire population, or a large group thereof, and under which all practitioners are employed, directed and paid by the state, on a salary basis."

I should say it would be sufficient to define state medicine as provision by the state or government for the medical care of the sick. This definition would be broad enough and elastic enough to fit any set of conditions, from the mere payment of medical fees to a medical man for services rendered to the state, to the complete medical service such as, so far, we see in only one part of the world—to me, the ideal condition—namely, state medicine as it is practised in Russia.

Is state medicine desirable? I ask the question, and seek to answer it in the affirmative, under three headings. I would say, yes, first because it would limit the spread of infection and the incidence of death, and, second, because it would eliminate the uneven distribution of the cost of medical services to the people. May I put it in another way: it would afford an adequate system of medicine to the wage earner and the low salaried man. The third reason is that it would

take up the slack between outlying districts, where there are no doctors, and the idle doctors which are to be found in comparative abundance in any urban centre.

Let me enlarge upon the first of these reasons, and point out that, although I had no collusion or cooperation with the mover of the resolution, I find that his remarks in this connection are along lines similar to those I propose to make. Repetition may be tiresome, and I shall endeavour in this particular to detain the house for as short a time as possible. I have said that state medicine would limit the spread of disease and the incidence of death, and to bear out my contention I shall repeat some of the statements of the hon. member for Fort William (Mr. McIvor).

Every year thousands of Canadians die of preventable disease. Can anyone gainsay that statement? Secondly, one person in three dies prematurely of such disease. Over half of all disabling disease could be prevented. Three per cent of Canadians are continually sick. All hon. members are pretty well aware by this time that sickness costs the people of Canada the estimated sum of $311,000,000 yearly.

To give more detailed information, may I say that diphtheria has killed as many as 1,200 persons in Canada in one year; typhoid fever has killed approximately the same number; tuberculosis destroys about 8,000 lives every year, and cancer destroys approximately the same number each year. Heart disease takes a yearly toll of about 11,700 lives. Maternal mortality in Canada runs up to 1,300 yearly. Prior to the activity of the various governments, in cooperation with the federal government, the incidence of venereal disease in Canada was appalling.

You say, "Well, what of it? There are too many people, anyway; why not let them die? To hundreds of thousands of people we are giving not only medical attention, but food, clothing and shelter. At a time like this would it not be just as well to refrain from a discussion of state medicine? Why not wait until we balance the budget, and until we settle our railway and unemployment questions?" There is good reason for many of those questions, because every time we reclaim an invalid from a serious illness we do so against the time he will take sick again. If the person happens to be an indigent, dependent upon the state, each time we cure his illness we place a further burden upon the state. You may ask: "If he was no good in the first place, why not let him die?" Unfortunately many of these people are suffering from infectious disease and we must control infectious and contagious disease as a matter of protection to others. Diphtheria, scarlet fever, typhoid fever and so on, not to mention the venereal diseases, which are the worst of all, are conditions that have to be controlled. If we must control them for our own safety we might as well make a job of it and control them for the sake of those who are suffering.

I have said that I believe state medicine is a good idea, because, among other things, it would eliminate the uneven distribution of medical costs. The cost of illness must be common knowledge to hon. members of this house. I think it is a fair statement that about four-fifths of the citizens of Canada enjoy incomes of less than $1,800 and that a large majority of the people would consider themselves very fortunate if they could be sure of an income of $1,200 per year. A man with an income of $1,200 or $1,800 per year and who has a family to support usually has very little reserve. As a general rule he uses up one hundred per cent of what he earns.

I hope the house will not mind my discussing these matters in detail, but this is how it strikes me as a doctor. Should an ordinary case of sickness come along, such as a mild attack of grippe, this man goes to bed and calls in a doctor. Before he is well he owes his doctor and his druggist from $10 to $20. To many people, that may not seem much, but it is a lot to a man who uses up the hundred dollars he receives every month. If he has the misfortune to require the removal of an appendix, if he suffers from a strangulated hernia or something else that necessitates his going to hospital, he finds himself put back to the extent of a couple of hundred dollars. As a doctor I am meeting these cases all the time. A man with a family of three or four children who is receiving only $100 per month finds it quite difficult to pay a bill of $100. In this connection I should like to refer to some remarks I made in this house during the session of 1936. I said:

> I believe it has been estimated that the cost of medical service to the Canadian people, largely a direct charge, is about $311,000,000 a year. On the other hand it has been estimated that the cost of medical service to the people of the United States is something over $3,500,000,000 a year, which figures out in both instances at around $30 a head. During the regime of President Hoover an inquiry was undertaken as to the cost of medical service to the people of the United States.

And again:

> Before this inquiry was entered upon it was realized that there was a great deficiency in medical service to the American people, and on the other hand it is well known that medical

men are driving taxis and doing manual labour and institutional work for which they receive little or no remuneration. An inquiry was therefore set on foot; a survey was made of some 1,800 families in all economic grades, and some very interesting facts were ascertained.

And further down:

It was found that 52 per cent of the American people receive no services from a physician. I think these figures would largely correspond with conditions in this country. It was found that 79 per cent get no attention from a dentist, that 89 per cent receive no health examination or similar preventive service, and 62 per cent receive no medical, dental or eye care of any sort. These statistics are for the prosperous years of 1928-29. Conditions are indubitably much worse now.

On the other hand it was ascertained that although many doctors have good incomes, one-third of all the physicians in the United States had incomes of less than $2,500, even in 1929. More doctors were found in the $1,000 to $2,000 class than in any other. It was also found that 16 per cent of American families spent less than $10 a year for medical service; forty-six per cent spent less than $40 a year; four per cent spent more than $500, and one per cent spent more than $1,000.

A further argument I advanced at that time was:

It will be readily apparent that those who spent only $10 a year were not a matter of great importance, or even the $40 class, but for the four per cent whose expense for medical service was over $500, and that one family out of a hundred which was called upon to bear an expense of over $1,000, it was a very serious matter.

We must realize the impossibility of the ordinary family undertaking to cope with such a condition. I stated that there are means by which these matters could be easily taken care of. These services are costing the people of the United States approximately $30 per year, but it was found that for $36 per year the entire population could be given adequate medical service by bringing together those who lacked medical service and doctors who are idle. This is my second reason for supporting state medicine.

My third reason is consideration for the forgotten man, the doctor. We hear a lot about the forgotten man, but I submit that the doctor has been forgotten as much as anyone in the last thirty or forty years. In my previous remarks I stated that medical men were driving taxis and doing manual work in American cities, and I know for a fact that there are many medical men in Canada who have absolutely nothing to do. This is the case even though conditions have improved. Another matter that should be taken into consideration is the fact that the young men who graduate to-day in medicine are far superior to those who graduated thirty-five years ago. The training they are given to-day is far better. A young man entering medicine to-day must have a high standard of learning before he takes up the study of medicine; then he must put in four grilling years at college and one or two years in a hospital. I have no hesitation in saying that to-day the young interne in the hospital takes technical operations in his stride that would make the older practitioner in the country stop to take his breath before he would attempt them. These men are first class professional mechanics. They take on blood counts, spinal punctures, gastric irrigations and syphonage, things that many of us would not attempt without sending our patient to a hospital. Here you have these young men, turned out of the universities at the end of five or six years with a first class training, and with nothing to do. Why? Because in different communities, sparsely settled, the people cannot afford to support a doctor, and the consequence is, on the one hand, the people must go without medical attention, and, on the other, these young men with medical training must go without work.

I have referred to my own early experience —not outstanding at all; just the usual thing. After graduating I moved across from Winnipeg into a district that was starting as a workmen's suburb. There was no difficulty about getting work to do; I always had plenty of it. Morning, afternoon and night, and often all through the night, I was working; but like Old Mother Hubbard my cupboard was often quite bare, or pretty nearly so. I used to think in those days that if some authority, the state—I did not care who the state might be, whether the city council, the province or the government of Canada—would only come to the rescue in cases of that kind and give a man a decent living, he would go to his work with a better heart, and he would not have to go through such long gruelling hours of work without the burden of finance being settled. That is another thing that could be very readily cleared up if we had a form of state medicine.

Let us assume that state medicine is a good thing; let us assume that it is desirable in regard to all these things that we were talking about a little while ago, these deaths from diphtheria, typhoid fever and what not. Assume that state medicine is a good thing. Then what is the next thing to do? Is there a member in this house that does not understand the significance of modern day medicine? Is there a member in this house, be he medical man or otherwise, that does not know the history of diphtheria, of scarlet fever, of typhoid fever? Is there anyone who does not know that the incidence of death from

diphtheria was reduced from eighty-six to six per cent with the discovery of antitoxin, and that with the discovery of the diphtheritic toxoid the death rate has been still further reduced? Is there anyone in this house who does not know that typhoid fever, which formerly in war time killed hundreds of thousands, more in fact than were destroyed by enemy attack, did not occur in the great war at all? Why? Because of inoculation. The same is true of smallpox. We never hear of smallpox to-day, or of cholera, although at one time the people dying in cholera epidemics were so numerous that they had to be carted away in wagon loads. But now it is unheard of in Canada. Why? Because from long years of vaccination and inoculation, from generation to generation, we are no longer susceptible. And the only common sense thing for us who are human creatures to do to-day, for human society as a whole to do, is to institute a regime that will insist upon inoculation and vaccination in every case.

Do you know, Mr. Speaker, that chickenpox, which is the mildest of the eruptive fevers, so mild that we do not even bother to quarantine for it in this country, if it were to occur among the aborigines in the South Seas or amongst the Indians in the north would cause them to die like flies? Why? Because they have not been vaccinated or exposed to the disease. So we need inoculation and vaccination. You say we are getting it? Yes, we are getting it for certain diseases. You cannot send your child to school without getting him vaccinated for smallpox, and there is inoculation for scarlet fever and typhoid and all that. That is fine, and we can look forward with confidence to the human race in all civilized countries being probably immune in the next ten or twenty years to the most infectious fevers. I believe we can do so.

But there are more subtle and more destructive and more dread diseases than can ever be found in school clinics. I refer to venereal diseases, the incidence of which is ever so much greater even than measles—and that is going a long way. If we want to reduce these present-day figures, if we want to improve our figures of maternal mortality and so forth, there is only one way to tackle the problem, and that is to make regulations under which human beings will be examined from time to time. At such time as they are examined, they can be vaccinated and inoculated. Incipient cases of heart disease will be discovered, and measures will be taken from month to month to ensure the health of expectant mothers until the advent of the new life. By these periodic health examinations the venereal terror—shall I call it that?—will not be able to hide behind a mantle of false modesty and shame. These things will be brought to light. These diseases will be attended to as sickness should always be attended to, regularly, definitely, and in the proper way.

It was mentioned a while ago that the children going to school are examined and inoculated. That is true, and conditions such as bad tonsils, bad teeth, bad eyesight, scrofulous glands and other conditions are recognized at the time of the examination. The child is prohibited from going to school until he is in proper condition; until, on the one hand, the case has been referred to a physician, and, on the other hand, the compulsory school regulations have been complied with by the parents. Then the absence of the child from the school leads to a nurse's visit to the home, and when she visits the home she ascertains the incidence of infectious fevers, scarlet fever, measles and what not. In that way a very fine work is being done by the school nurses. Then when patients enter general hospitals nowadays, they are usually subjected to a thorough examination by the staff doctor, rechecked by another physician; so nothing is left undone, and a great deal of disease is thus brought to light.

The government also has its health regulations governing appointments to the civil service, but I greatly fear, Mr. Speaker, that the health examinations for civil servants do not go quite far enough, and that the certificate is all too loosely prepared by the examining doctor, whereas if a thorough examination were made on these occasions a great deal of hidden disease would be brought to light.

What has been done in the way of state medicine in other countries? We have heard a good deal in this chamber about state medicine, and I think we all know that they have had it in Europe for fifty years, Germany being the first country to adopt it, if I remember well. The Scandinavian countries followed, and England went in for state medicine in 1911, when it adopted the panel system, under which invalids and sick people generally are given free medical attendance, free dental care, free medicine, and sick benefits in the form of state insurance during illness.

I have mentioned Russia, and I have here a little book entitled Red Medicine. It was written by two eminent men, Sir Arthur Newsholme, K.C.B., M.D., formerly principal medical officer of the local government board of England and Wales, and John Adams Kingsbury, secretary of the Millbank memorial fund, formerly commissioner of public charities of the city of New York. Sir Arthur News-

holme has edited a number of medical works. He personally undertook a survey covering all the European countries and edited a series of studies called International Studies on the Relation between the Private and Official practice of Medicine with special reference to the Prevention of Disease. In volume one he discusses medicine in the Netherlands, Denmark, Sweden, Norway, Germany, Austria and Switzerland. In the second volume he deals with Belgium, France, Italy, Jugoslavia, Hungary, Poland and Czechoslovakia. In volume three he deals with England, Scotland, Wales and Ireland. He was entrusted with the special mission of making a survey of and an inquiry into the medical system as it operates in Russia. He and his associates travelled all over that country, visiting all the states and the large cities. His book is a very interesting one. He lays down a number of postulates as pertinent to the proper application of medicine. In general they coincide with those laid down by a group of medical men in the United States. I shall read these postulates and then state his observations.

1. The health and therefore the hygienic and medical care of every person in a community is a matter of concern and responsibility not only for himself, but also for every other person in the same community.

2. An organized community through its government is called on to concern itself with the practical application of all the known laws of health and of all remedial measures which will help in the restoration of health.

3. There is a lamentable amount of inadequacy—

Listen to that.

—and discontinuity in the medico-hygienic provision for the community—

Very true indeed.

—also that for a high proportion of the total sick, adequate medical care necessitates the organization of measures and of institutions beyond what the individual medical practitioner can provide.

To that I would say, "Hear, hear" without any hesitation.

4. For a large section of the population, in all countries, the cost of sickness is overwhelmingly great. . . .

"Hear, hear," again.

The cost of hospital treatment is beyond the means of a large proportion of the total population.

5. In order to supply adequate medical aid for all, either private charity, or provident insurance, or taxation . . . must be forthcoming in a continuous, even and adequate stream. No person should be allowed to die or suffer serious harm through the lack of shelter or food or medical aid.

6. Economy and wisdom alike demand that each illness shall be investigated and treated socially as well as medically. . . .

[Mr. Howden.]

7. Treatment should be available to the fullest extent necessitated by the patient's illness, irrespective of his financial circumstances.

8. Prevention is always more important than provision.

On those postulates concerning the application of medical science Sir Arthur Newsholme made a survey of all the countries of Europe. His findings are summed up in this final paragraph:

Measured against the postulates set out earlier in this chapter, it would seem fair to conclude that soviet Russia has, at least in many respects, come nearer to fulfilment of these postulates than any of the other countries studied by us or of which we have knowledge. Indeed, soviet medicine is largely based on the general propositions which are here enunciated as standards for adequate medical care of all people.

Now I am not advocating communism, and I am not a socialist particularly. But this is not the only book which contains reports along the same line; there are about a dozen such publications. I believe this writer to be beyond reproach; he is an English knight who has been intimately connected with the British government; he was sent to make a survey and an inquiry, and he made it. Russia is the only country of which we have knowledge where there is real, honest-to-goodness state medicine, one hundred per cent state medicine, the sort of state medicine which provides adequate coordinated care for all citizens of the country. The difference between state medicine and medicine as it is practised to-day can be explained in this way. Every one has heard of the Mayo clinic; we know there are clinics in New York, Montreal and other cities, possibly in the civic hospital of Ottawa. When you adopt a form of state medicine, there is a clinic at the disposal of every man in the land; he does not have to depend on this or that doctor, however capable or however inadequate he may happen to be; a systematized, coordinated service of medicine has, therefore, that distinct advantage.

One not infrequently hears insinuations and suggestions to the effect that when you have a body of publicly paid medical men, you do not get results. Well, if one cannot get results from paid medical men, one should not get results from a paid civil service, or from paid preachers, to whom the hon. member for Fort William (Mr. McIvor) referred, or from any man who has a guaranteed, assured salary, because those people do not need to care. I should like to read an extract which seems to me very much to the point:

It is frequently argued that whole-time salaried appointments are destructive of personal initiative and inhibitory to continued

effort. This incidentally is a grave and undeserved reflection on present whole-time officers in the medical and scholastic professions. The reflection is deserved in individual instances, and these instances in the aggregate may bulk somewhat largely, but in my judgment they form but a small proportion of the total. In these instances security of tenure of office reduces effort and short of this may and sometimes does stereotype and render static present methods of work.

But it cannot be said that the intellectual stagnation and moral lethargy, when they occur in officials, are their special possession. With these occasional accompaniments of a too sure livelihood may be compared the medical work of an occasional private medical practitioner in a poor district, his hurried interviews with his patients, his too frequent treatment of many patients without diagnosis, the pile of weekly medical journals which one can see unopened on his table, and the inability to attend the meetings of medical societies, still less to cultivate post-graduate work.

I believe that a regularly paid medical man, one who accepts a fee for regular service, is probably just about as dependable as the man who is driven to death with overwork and harassed by underpay, and I should be very much disposed to think that if such a man were given a living wage he would render very much better service to the state and to his fellow man.

I cannot possibly hope to conclude on this occasion; I shall have to wait until another time to say all that I have to say on the subject.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): There is no doubt whatever that the previous speakers have voiced the opinion of the vast majority of the people of Canada. I am sure we all appreciate the frank and forcible presentation of the hon. member for St. Boniface (Mr. Howden). I may say in passing that though he may not know he is a socialist, I have rarely heard the socialist case presented with greater force than he has put it before us this afternoon. It is a strange thing that though the majority of the members of the house are in general agreement on the desirability of much greater health service for the people of the country, nothing very much is likely to happen as a result of this debate this afternoon. It is passing strange that that should be so. In matters of this kind we in this house are, after all, little more than an academic debating society.

Mr. BENNETT: Hear, hear.

Mr. WOODSWORTH: We all recognize to-day that something in the nature of state medicine is desirable, first of all on humanitarian grounds, and, in the second place, on the grounds of economy and efficiency; yet there are certain obstacles that stand in the way, obstacles that are hardly understood by the general public outside, obstacles that make a great part of the work of the house quite futile.

I am very glad that this question has been introduced by a Liberal. The Liberals here have a majority of some one hundred members, and if they desired to do so they could give us action along this line to-morrow. There is no doubt about that, and yet nothing happens.

There are probably two difficulties that will be brought forward if we get to the point where the government must speak on this matter. One difficulty is the question of jurisdiction. The British North America Act will be brought out, as it always is, and we shall be told very clearly that this is a provincial matter and that the dominion government can do nothing about it. The British North America Act is for the government a very present help in time of trouble, that is, whenever action is required. And if, by any chance, the British North America Act is not sufficient, we have, of course, the financial difficulties, and it will be said to be inopportune at this particular time for the government to take action. Is that not really the situation in which we find ourselves?

Only this morning my attention was called to a passage in the Edmonton Bulletin in which the new Liberal candidate, Mr. R. C. Marshall, was said to have sounded the keynote of a progressive Liberal program. Among other things he advocates old age pensions for all requiring them at fifty-eight years of age or sixty years at most, and "adequate enough to assure a decent standard of living and not a mere pittance." He wants to make it possible for older men and women to get out of industry, knowing they will be comfortable in their declining years, and make room for the younger generation, and so on. I have no doubt that Mr. Marshall would like to get some votes, and this is something that is popular throughout the country. If a candidate can tell people that they are likely to get pensions at sixty, or better still at fifty-eight, he may get some votes. But I do not believe that this kind of statement is made merely for vote-getting; it is made because the people generally feel the need for social services of this kind.

What the hon. member for St. Boniface said of the ordinary man is quite true. Not only can he not get help in time of sickness, but a great many people as they approach the end of their lives, or at least the end of the working period of their lives, are in a state of great anxiety about the means of supporting themselves in their declining years. These

and other considerations give great concern to the people of Canada, and anybody who will advocate such measures as the one we are now discussing may be sure to receive support.

The thing I object to is that any man who is intelligent, any man who knows the workings of this house, will venture to get up on a platform at election time and promise that if he is elected he will bring about these reforms.

Mr. Marshall is appealing on behalf of Liberalism. If the Liberal party were honest at this time, it would repudiate the statements of the candidate at Edmonton. In parliament to-day we find ourselves in this difficulty. We are allowed by the government to go ahead with this debate, which may last the whole day; a great many admirable reasons for the adoption of state medicine will be put on Hansard; and then the whole proposal will be left in cold storage for another year or another two or three years, possibly until another election, when some other honest and earnest people will get up in the house and advocate a measure of this kind.

Is this sort of thing to go on indefinitely? I do not like to be dragged into party politics; but I say that when the government has a majority quite capable of putting through a measure of this kind, the least it can do is to tell the people of the country as a whole where it stands on these matters, and that it is or is not going to do anything about the question. That is the least that can be done to maintain anything like political honesty in this chamber or in the country.

It is not my purpose this afternoon to give any lengthy presentation of this case. That perhaps can be better done by some of the medical men in the house. All I want to do is to assure the house that we in our group are heartily in sympathy with state medicine. It is just part of the program we should like to see adopted, by which the welfare of the community as a whole would be given first consideration.

I might place on the record a summary of the case for greater health provision for the sick by quoting a few brief passages from those who have given considerable attention to this matter. I have in my hand a pamphlet entitled Social Work and the People's Health, being the report of an address given by Miss Charlotte Whitton, executive director of the Canadian Welfare Council, before the Registered Nurses' Association of Ontario on February 5, 1936:

> Extent and nature of the problem: At any time about two per cent of the working population are sick from one cause or another; at the date of the 1931 census one out of every twenty-three workers had lost time in the year for illness, and the average lost time for this one worker in every twenty-three (that is over four per cent) was over twelve weeks. Altogether for the whole working population an average loss of about ten full days per annum due to illness was recorded. On June 1, 1931, one per cent of all workers were off work due to illness. One reliable estimate reports about seventy per cent of all school children as suffering from remedial defects; about thirty per cent of persons from eighteen to forty years of age as incapacitated for arduous labour from largely preventable causes, and sixty per cent of those from forty to sixty years as in need of care for controllable if not preventable conditions.

And again:

> Many of our people are not regularly employed, even in good times, because of the seasonal nature of employment. Sometimes as high as forty per cent of the working population will have some time off during the year, and this may run as high as twenty-four and twenty-five weeks for certain activities. It was estimated in the unemployment insurance calculations that 860,000 wage workers are seasonally or casually employed and that about 730,000 workers are occupied in agriculture.

It is manifest from these figures it is quite impossible that the ordinary insurance scheme would cover the needs of the great majority of the sick people of this country. Let me give another quotation:

> Millions of dollars, hundreds of units and thousands of personnel are already an integral part of public health services or services so substantially aided by public funds as to fall justifiably within the category of publicly provided services. Thousands of qualified persons are engaged in private practice in medical, nursing, dental and pharmaceutical pursuits. Hospitalization services indicate the extent of Canada's existing investment in health. In 860 hospitals, 11,416 doctors are now members of staff or caring for patients, with 726 medical staff and 733 internes in full-time employment; 5,210 graduate nurses and 9,472 student nurses are employed. Annual maintenance costs exceed $38,000,000 and 51,577 beds are available for hospital patients. Fully twenty per cent of this care is given to non-pay patients, while thirty per cent to thirty-five per cent of all patients are indigent.

That gives some idea of the extent of the interest we have in this problem.

One more brief quotation from another pamphlet by Miss Whitton, entitled Britain's Social Aid and Ours. In Great Britain, where the hon. member for St. Boniface has said there is a thoroughly worked out scheme of health insurance, there is also provision for medical assistance for the indigent.

> There is thus provided through the public assistance committees, which in Canada might be described as municipal social welfare committees or boards, a complete local service including institutional, and hospital, and outdoor relief and medical relief in their own homes for all persons who are in need thereof for causes other than unemployment, or who are not eligible for aid under unemployment insurance or assistance, health or pension plans.

In this country already medical men are beginning to work along the line of more systematic provision for the sick. I have before me a pamphlet containing a reprint of an article by J. A. Hannah, M.D., in The Canadian Doctor. It is entitled, The Development of a Voluntary Plan for Prepayment of Medical Services. This indicates that the medical men realize the necessity for a much more systematic way of dealing with the sick. There has been worked out a very interesting computation as to what it would cost if cooperative arrangements were made. I quote:

After extensive search and reading we were able to compile a table somewhat after the following:

Home calls—1 per person per year at $3	$ 3 00
Office calls—1·5 per person per year at $2	3 00
Surgical operations—0·08 per person per year at $50 each	4 00
Hospital care—1·3 days per person per year at $3.50 per day	4 55
Drugs	50
X-Ray	1 00
Administration	2 00
Total for medical care	$18 05
Dental	4 00
Nursing—0·5 per person per year at $5 per day	2 50
Total	$24 55

Now, Mr. Speaker, it would seem that if it were possible that some arrangement could be arrived at, either a voluntary or a state arrangement, by which we could ensure that people could be taken care of for $24.55 a year and the doctors receive adequate maintenance, this would be highly desirable in the interests of the public.

Mr. POWER: If I may interrupt, I suppose my hon. friend knows that there is some such scheme in force in Toronto at a fee of $24.

Mr. WOODSWORTH: Yes, I understand that. I think that fee was based on these calculations.

Mr. POWER: It is operating in Toronto to-day.

Mr. BENNETT: There is one at less than that in Calgary.

Mr. WOODSWORTH: Undoubtedly if we had it under state control and on a very wide scale, that sum could be brought down considerably. I believe in some Scandinavian countries it is down to something like $16 per person.

I should like further to present to the house a few considerations which have been advanced in a memorandum of the health league of Canada and which seem to me to summarize the situation very well. I quote three isolated paragraphs:

If the dominion would finance a program of health promotion similar to that established in the United States, under the social security program, local health needs could more advantageously be served, the dominion could retain supervision over conditional grants for health purposes, could approve projects to be undertaken by the provinces, and could coordinate the public health program for all of Canada.

Again:

As long as the dominion continues to regard public health as a matter solely of provincial responsibility, and refuses to recognize the national health aspects of child and maternal health, and of such diseases as tuberculosis, cancer and venereal disease, the general improvement of public health of the nation will be retarded.

And still again:

The federal government should not only assume its responsibility in this field of public service, but also should plan, finance and supervise the administration of a comprehensive national health program. In carrying out such a program the cooperation of voluntary organizations will continue to be of prime importance.

Mr. POWER: What is the date?

Mr. WOODSWORTH: I am afraid this memorandum is not dated, but it is of recent date. It came to me along with several resolutions passed recently which, I believe, should be placed on record. The first, from the Canadian Medical Association, says:

Whereas venereal diseases constitute a problem of major importance; and

Whereas Canada, for eleven years, had a most effective plan for the control of venereal disease involving dominion and provincial cooperation and organized education; and

Whereas, in 1932, the division of venereal disease in the dominion government was dissolved and grants to the provinces for this purpose cancelled, also grants for educational purposes discontinued only to be restored in part; and

Whereas three regional conferences held in 1931, as well as the Dominion Council of Health, at a meeting held in December, 1931, all recommended that the scheme be extended and grants increased;

Therefore be it resolved that the dominion government be memorialized, and asked to reestablish the division of venereal diseases in the federal Department of Pensions and National Health; to reinstate the grants to the provinces; and to make adequate provision for educational purposes throughout Canada to the end that the Canadian scheme be once more put on an effective basis.

This resolution was passed at Ottawa in June, 1937.

It would seem to me that although we are not likely to have anything like a comprehensive scheme of state medicine, the least the government could do would be to comply with the terms of this resolution.

One other resolution along similar lines, which seemed to me a reasonable one, was passed at the annual meeting of the Canadian Public Health Association held at Ottawa on the same date. It states:

That whereas the venereal disease problem is a matter of national importance, previously dealt with most efficiently in Canada by a carefully coordinated scheme involving co-operation between the dominion and the provinces, financial and otherwise, and carried on by virtue of the existence of a venereal disease division in the dominion Department of Health, assistance to organized education and propaganda;

And whereas three conferences of clinicians called by the dominion government in Edmonton, Toronto and Montreal in 1931 made various recommendations, practically none of which have been carried out;

And whereas the Dominion Council of Health in December, 1931, endorsed these recommendations urging continuance of grants and extension of the scheme,

Therefore be it resolved that the dominion government be memorialized and asked to reinstate the grants to the provinces, to re-establish the division of venereal diseases in the dominion government, and to make adequate provision for educational purposes throughout Canada to the end that the Canadian scheme be once more put on an effective basis.

I commend these resolutions once more to the attention of the minister.

Sometimes we have been inclined to think that Canada is in the very forefront of development. As a matter of fact, in matters of public welfare Canada lags far behind. The hon. member for St. Boniface, who preceded me, told of some of the achievements in soviet Russia. I was reading only a few days ago a book entitled, Social Work and Legislation in Sweden, published by the Royal Social Board. This is a survey, published by order of the Swedish government. I wish I had time to place some of the facts contained in the book before the house; but in view of the long list of speakers, I shall refer only to the work itself. As I look over the paragraphs, I am delighted to think of what could be accomplished in Canada, and what actually is being accomplished in other countries.

The following headings and subheadings will indicate the variety of subjects discussed:

Social Insurance:
- Accident insurance.
- Sickness benefit funds.
- National pensions, children's allowances and compensation for blindness.
- Pension funds, endowment insurance societies, etc.
- Relief and pensions for seamen.

Hygiene and Care of the Sick:
- Organization of public hygiene and care of the sick.
- Private organizations:
  - The Red Cross.
  - Swedish Public Baths Association.

[Mr. Woodsworth.]

Hygiene and Care of the Sick—*Concluded*
- Combating national diseases:
  - Tuberculosis.
  - Venereal diseases
  - Diseases of the teeth.
  - Cancer
- Care of the abnormal:
  - Mental disease.
  - Care of the mentally deficient.
  - Care of epileptics.
  - Cripples.
  - The blind.
  - The deaf and the deaf-mutes.

It may be all very well to have instituted within the last few days a trans-Canada air service; it may be all very well to boast of our natural resources, and of the enormous sums being piled up by certain individuals and corporations in Canada, but I suggest it would be a great deal better for Canada if we could boast that no unemployed man or no sick person goes neglected. Canada might then be laying the foundations of true national greatness.

I hope that to-day, as has so often happened, the government will not close the debate by pointing out jurisdiction and financial difficulties which may lie in the way. I do not ask that the whole of medical aid should be brought under a centralized agency, but I cannot see that there is any reason why the dominion government could not have an active health department which would help to co-ordinate the work of the provinces and municipalities, which would undertake certain types of work common to all the provinces and, above all, which would give financial backing to the various schemes already under way.

Mr. H. R. FLEMING (Humboldt): Mr. Speaker, in listening to the speech of the hon. member for Fort William (Mr. McIvor), I found it difficult to determine the intention behind the resolution appearing on the order paper. Does he mean complete socialization of state medicine, or does he mean the extension of state influence and control in the health field? It is difficult to find uniformity of opinion, even among medical men, on the question of state medicine. I take the term to mean a system under which the state would assume responsibility for all medical men, under which all those engaged in medical services would be employees of the state.

As state medicine has been widely discussed and as the subject is of vital importance, it is essential that we should keep in mind the distinction between socialization of medicine, which I have interpreted state medicine to mean, and other forms of cooperation in the health field, such as health insurance.

Therefore, when I say I am opposed to state medicine, it does not mean that I am opposed to government participation in the health field. It would be ridiculous for me to take that attitude. For many centuries governmental and public authorities have been forcibly removing from communities those who were suffering from contagious diseases. At the present time we have our municipal, provincial and federal health services. I believe that few doctors, if any, object to this in principle. The Canadian Medical Association at its last convention held in the city of Ottawa endorsed the principle of health insurance. Canada has lagged behind most of the countries of the civilized world in this respect. There is no country in the world to-day which disclaims all responsibility for the care of the sick. I understand that some forty countries have some form of state insurance or have assumed other responsibilities.

The only country that has state medicine according to my interpretation is Russia. The system in Russia may look good on paper, but if we consider the figures published by the League of Nations we find that that country is the focal point of typhus infection for all Europe. In 1883 Germany made it compulsory for all those earning less than a certain income to carry a form of state insurance, but the state contributed nothing to the insuring societies or organizations. In England the employer, the employee and the state all contribute. Austria adopted a system in 1888; Hungary adopted one in 1891, and it spread to other countries of the world until, as I said before, forty countries have some form of state insurance. In most of these countries no one concerned is satisfied with the way in which the system has worked. The main failure seems to be not so much bad organization, the inertia of the doctors or the failure to realize the importance of preventive medicine, as the inability of the countries to provide funds to ensure adequate medical services.

The cost of illness in Canada is $23 per capita yearly. For the state to assume this responsibility would mean the staggering sum of $253,000,000 added to the annual taxation, and there would be no assurance that these costs would not be greatly increased when the medical services were free. This estimation does not take into account the extension of preventive medicine or of medical research. I should like to quote Hon. Dr. J. M. Uhrich, Minister of Public Health for Saskatchewan. He says:

> But remember: Somebody will have to pay for it. Do not let anyone run away with the idea it is not going to cost anything. Money does not grow on gooseberry bushes, and the only way such services can be paid for is out of the pockets of the people themselves.

The consideration of a state scheme of insurance is ruled out by the British North America Act. Under that act the federal government was given jurisdiction over quarantine and the establishment of marine hospitals, and to the provinces was given jurisdiction over hospitals, asylums and charitable institutions. Public health was not a matter of concern to the framers of the British North America Act. The broader jurisdiction in the health fields was given to the provinces, and the provinces have accepted full responsibility from confederation down to our own days. In the matter of public health the dominion has been able to cooperate with the provinces. The privy council of Great Britain found that part IV of the Employment and Social Insurance Act, which was passed by this house some years ago, was unconstitutional, and at the present time the house is circumscribed on this particular subject.

However, I should like to make a few observations on the question of medical services in Canada. First of all, let me register my objection to a system or scheme of state medicine. It has never been established that any fundamental fault is to be found in the system under which we are working. There is no evidence of widespread neglect of those who need medical care. The medical system as such is not responsible for all conditions and it cannot cure all diseases. Sickness is due to many causes outside its province. A system of socialized medicine would bring many serious disadvantages. Medical services can best be advanced by other and less radical means. The financial aspects of medical care can be met acceptably in various ways without socialization. Wider and more effective use of medical resources could be effected without socialization, and a realization of better social and economic conditions would facilitate more adequate medical care. Socialization would not be practical from any point of view, particularly under the democratic system.

Some of the disadvantages of socialization are that the quality of medical service would tend to deteriorate. There would be a tendency to standardize treatment, and routine and perfunctory work would result. The incentive to do good work would be removed and personal responsibility would be lowered. The old relation between the doctor and the patient would be destroyed; competition would be removed and medical progress would be obstructed. There would be less interest in work, less professional interest, and research

and recognition of new forms of treatment would be hindered. Greater frequency of periodic health examinations would not bring expected good because they would be superficial and careless. Socialized medicine would tend to increase the number of faddists and quacks; for dissatisfaction with established forms of treatment would drive many to seek other forms of relief. It would result in an enormous bureaucracy with all its disadvantages.

As far as the public is concerned, it would tend to break down self-respect, self-reliance and pride; it would discourage thrift and individual responsibility for one's well-being; it would encourage feigned illness and treatment of many trivial disorders.

My experience as a municipal doctor bears me out in this statement. Many times I have been called twenty miles out in the country for some trivial ailment. The patient could very easily come to the doctor's office. One other abuse was very common. In free hospitalization a patient would ask to be taken to hospital for a common cold. Why shouldn't he go to the hospital? It was free. They paid taxes. The onus of compelling the patient to stay at home was on the doctor. And what excuse could be given if the patient subsequently developed pneumonia?

There is yet another angle. Need I point out to the house the difficulty of Canada competing in world markets if saddled with the financial burden of medical care?

My main objection, of course, is to the doctor becoming the paid employee of the state; for I object whole-heartedly to regimentation and bureaucracy in the care of the sick.

Our medical service is not perfect. Doctors in Canada make no pretence that it is. We have fought persistently to make it better. We have made great strides in the control of communicable disease. In the past twenty-five years the profession has increased the expectancy of life on this continent by fourteen years. Medical service has vastly improved and been extended. I quote the Hon. Doctor Uhrich, Minister of Public Health for Saskatchewan:

> We have fought numerous battles with death on many fronts and have won signal victories. Eighty-five years ago, one out of every four Irish immigrants who came to Canada died of cholera; to-day we do not know it as a cause of death in Canada. We have so far eliminated smallpox as a cause of death that, whereas formerly whole villages fell victims to the scourge, we had in 1931 only three deaths in a population of ten million.
>
> We have defeated death on a dozen fronts; we have pushed him back from trench to trench.

[Mr. Fleming.]

I think, Mr. Speaker, it is safe to say that no one in Canada need suffer needlessly at the present time for want of medical attention.

Yet the system of medication has failings, and we as doctors would be foolish not to admit it. Perhaps it is the fault of the "system" or, more properly speaking, the conditions under which we have come to work. I can appreciate that the sponsor of this resolution (Mr. McIvor) has seen these failings, has seen that health conditions could be improved, and has jumped to the conclusion that state medicine is the solution. I say "jumped" to the conclusion, because I do not believe that if the intervening stages had been carefully thought out or if the idea were given the practical test, the idealism which has prompted this resolution would be realized.

I intend to vote against it because I believe it would benefit in the end neither the doctors, the patients nor the general public. No better reasons could be found. I will say this, that I feel confident if the members of my profession were convinced that the last two named parties would greatly benefit, they would be the first to advocate state medicine; for I must say for my fellow practitioners that they are, as a whole, the highest-minded group of men one could be privileged to meet.

We hear so often in the house of a distinguished member of the bar; that so-and-so was a brilliant jurist, an outstanding lawyer; or we read in the papers of counsel in the court room pleading some case. He has all the surroundings that people like to read about, a crowded court room, judge and officers of the court in their robes of office. But look at the picture of the medical doctor in a lowly cottage on the frozen plains of Saskatchewan—miles from civilization—his only light a coal-oil lamp, rendering the greatest service that mankind can offer, saving some poor creature from death, or alleviating pain and suffering—and the public know nothing of it; this house hears nothing of that.

The record of the profession will bear me out. We have realized to the full that our business is to deal in terms of human life. Is there any other profession which has a more consistent record of public service?

Anyone who knows the work of the Canadian Medical Association is fully aware that it is always seeking to improve as well as to maintain the ethics of the profession, while at the same time endeavouring to raise the standard of practice. We have crusaded for health; we have been in the vanguard in trying to improve social conditions; we have given in great measure of our time and energy that the sum total of human happiness might be increased.

For these reasons it could hardly be charged that the doctors are thinking only of self-interest if they disapprove state medicine. I cannot speak for all the members of my profession; but as a medical man knowing something of medical practice, I can truthfully say I am firmly convinced that state medicine—particularly under present conditions—is not the solution of our health problems. It just wouldn't work out.

There are certain things the state can do. There are certain things it has done in the past and could continue and extend in the future. There are other activities which could be properly assumed as a public responsibility. I am thinking of research and health insurance, for instance. But within certain limits it should be confined. The source from which medical practice flows, from which it derives its force, is individual effort, and the service is essentially one of personal relationship between doctor and patient.

I have admitted that community health service has failings, that it could be improved. One of my chief objections to state medicine would be that you cannot institutionalize personal relationships. Every doctor realizes it is of primary consideration, if a cure is to be effected, that the patient have full confidence in the doctor.

Under the state system, I am afraid, the tendency would be for too much of the work to become routine investigation, as doctors are only human. People would become human guinea-pigs, instead of patients who are paying for a service and have the right to demand it. The doctor, moreover, would depend for his livelihood no longer on his reputation for efficiency, ability and service, but on his ability to please his superiors, or perhaps the politicians. At the present time a doctor lives by his ability and is recompensed accordingly. Under a state system there is every reason to believe he might be able to subsist or become successful by his ability to "wangle." Nothing could be more disastrous to the medical men themselves, as well as to public health, than that the ability to play politics should determine their rate of promotion. Much as we dislike to admit it, that is the tendency in public service.

What disaster would we not be courting if we permitted our health service to be inoculated with the deadening drug of indifference? That is what we are risking if we take the service from personal initiative and rob proven ability of its just rewards.

There can be no question in the mind of anyone who knows human nature that a state system would kill a doctor's initiative. At the present time, if a government, federal, provincial or municipal, employs $2,000 a year men, it obtains $2,000 a year service.

I cannot see how any state system could make provision for the greatly varying abilities of doctors. It cannot be done on the basis of preparatory training, even as regards the initial salary; for of two men with identical training one may be a "washout" and the other a very capable doctor. Will it be possible to give the majority of work to the competent doctor under a state system? The energetic doctor, who would probably be the capable doctor, would probably do the majority of the work. But if he saw his fellow "washout" getting an equal salary, I fear for both morale and efficiency. Besides, I would wish to know pretty definitely "who" or what was to be the determining factor in a doctor's salary or rate of promotion before I would give any support to a state scheme.

Even for the competent physicians who were sincerely endeavouring to perform their duties, I am afraid cases would become routine assignments instead of a labour of love. The doctor would not have to stake his reputation on every case; he would have to perform only his "duty". He would be robbed of the incentive of doing his very best for the patients under his care. And may I stop to ask this question: Who is to assume responsibility for malpractice, let alone the unavoidable casualties? The responsibility for any person who dies while under state care, any case which does not prove satisfactory to the patient or relatives, would be laid at the door of the government.

Now governments have been blamed justly and unjustly for many things; but is any government prepared to assume responsibility for all the ills of mankind? That one fact alone is enough to make most hon. members vote against this resolution. Imagine a government being turned out of power because an influenza epidemic started during its regime; or one of the members of the house trembling for reelection because the Jones family's myriad members blame a government doctor because little Johnnie isn't getting well fast enough! At that, it might stimulate a campaign for eradication of disease. But until Canada became a disease-free area, I tremble for a parliamentarian's existence.

If hon. members are willing to assume all these responsibilities, to shoulder all the ills of mankind, I wonder if they would consider whether the sacrifice they are ready to make for the public would be really worth while.

I have pointed out that the service which could be expected from a personnel of state doctors would not be of as high a type as under individual competition, because initia-

tive would be killed, incentive to do best work gone, while the dead wood of the personnel would remain. For these reasons alone the public would not be getting the best service, to which it is entitled, and which it is imperative it should receive.

As I suppose every hon. member knows, sickness is a convenient excuse for avoiding many things. Our medical knowledge is not and never will be sufficient for us to say definitely whether a man is sick or not. We can say that there is nothing organically wrong with him, but we cannot say that there is nothing wrong with him. The mere fact that he wishes to complain of sickness means that there is some maladjustment in his make-up; even laziness could be considered to be that. At any rate, it is a bad habit, and state medicine would assuredly be imposed upon.

The healthy, of course, for their own protection must always care for the sick. This is one of the reasons why it is easy for people outside the medical profession to stimulate interest in public health. But I am concerned now with the fact that in recent years the burden of payment for medical services has fallen upon the middle class. The rich can afford to pay for it and the poor get it free. That is one of the difficulties of our system. We might be in a better position if we had adopted the Chinese system of paying the doctor so much to keep us well. But the Canadian system has been that doctors are called in only in the case of sickness. As was pointed out this afternoon, doctors themselves have assumed the responsibility of keeping people well by wholesale vaccinations and inoculations against the various infectious and contagious diseases. For years we have fought to improve public health.

There is still another phase of the question. As mentioned before, the burden of medical costs falls upon the employee in the lower wage brackets. Because he cannot afford a proper diet or because of the general conditions under which he lives, he is more often ill than those who are living under better conditions. In his budget he does not make any provision for the event of sickness. He will not say, "This year I am going to break my leg," or "Next year I am going to have my little boy's appendix out." Customarily he works upon the assumption that he is going to be perfectly well. And sickness is a very expensive proposition.

Whether or not health insurance should be compulsory is a debatable point. Personally I would favour a compulsory plan because it would not be as expensive as the voluntary plan. I should, however, like to see federal responsibility for the unemployed and indigent, because there is little doubt that we are approaching the time when relief will have to be assumed as a national responsibility, also health insurance for at least those in the low-wage brackets. I should like also to see the government give extensive grants for preventive medicine and for medical research. In that manner we could safeguard and improve the health of our people without recourse to state medicine or the socialization of medicine.

I plead with all hon. members. Do not give ear to those who would take away from the medical profession their individuality and self-respect. With that assurance I am sure that the medical profession will re-pledge ourselves to the public service and well-being.

Mr. J. K. BLAIR (Wellington North): While I favour state medicine to some extent, I do not believe it is the duty of this government to deal with the problem in an expensive manner; it should remain with the provinces, just as in the case of relief. This government does not administer relief; it is controlled largely by the provinces and subsidized by the federal government. The provinces know better the conditions in their localities. I believe the same is true with regard to medicine. There are occasions, I believe, when the dominion government could properly subsidize the provincial governments for some purposes. For instance, many cases of confinement are not paid for. I am sure that every doctor in this chamber can find, on looking through his books, as many as six confinements in one home, for none of which he has been paid. I do not think that should be so. The difficulty is that one cannot tell whether a person is indigent. It is said that we should prove indigence and put in a bill; but this involves a great deal of trouble, and it seems to me that in the rural districts the doctors should be entitled to receive compensation in respect of confinements which after two years have not been paid for.

The second proposition brought forward was a payment of two dollars a month per capita. Hon. members must realize that this would involve an expenditure of $264,000,000, no small amount for the Dominion of Canada. Another movement that is on foot is to centralize maternity work in the larger hospitals. That is a sad mistake, because the maternity mortality in hospitals in such cities as Toronto has been very high. That point has been taken up; I have mentioned it for four or five years; now the city of Toronto will not furnish a report of its maternity mortality; at any rate I have tried for the last three

years to get it, and because of my habit of announcing what it is they refuse to give it. The maternity death rate is much lower in the rural districts, in the towns and villages, than in the cities.

A service which I regard as extremely important is the provision by our provincial government of a travelling clinic for tuberculosis; it also has a free clinic in all our hospitals which diagnoses cases of tuberculosis and of venereal diseases. In my opinion people should be required to get a certificate of health before they are married. I know of many instances where a tubercular patient has gone away to get married; I know also of not a few instances where patients suffering from other contagious diseases, including venereal diseases, have got married. These things are disgusting; there should be some way to prevent them, by requiring a certificate from the superintendent of the hospital or some other doctor, after an X-ray has been taken, guaranteeing the patient's freedom from the disease. This would mean much to our civilization; it would keep many people out of our asylums and prevent other serious consequences.

Mr. D. G. ROSS (Middlesex East): I have been deeply interested in the debate that has taken place this afternoon. I followed carefully the remarks of the mover of the resolution (Mr. McIvor) and what was said by the hon. member for St. Boniface (Mr. Howden). One could sense the view that would be taken by the hon. member for Fort William, who moved the resolution, inasmuch as he is a fisher of men. He kept his argument on that plane and I do not think it did him any harm. I was greatly taken by the remarks of the hon. member for St. Boniface. There is no question about it, he has made a great study of this whole problem and he speaks from a wealth of experience as well as from his heart. He left a deep impression on me, and, I believe, on the house.

Like the hon. member for Winnipeg North Centre (Mr. Woodsworth), I lack the necessary equipment to speak from a medical point of view; but I wish to tell a story about one disease in Canada, a story that may encourage a good many people. I am going to discuss briefly a subject that has never, to any extent, occupied the attention of this house. It has received scant attention, not because it is not of vital importance but because, since it deals with a matter of public health, it is primarily a responsibility of the provinces. I refer to the prevention and treatment of tuberculosis. In Ottawa, the federal Department of Health and the Canadian Tuberculosis Association undertake the collection, correlation and publication of statistics bearing upon this subject, and upon these statistics I wish to base my few remarks.

I first became interested in tuberculosis while visiting the Queen Alexandra sanatorium situated on the outskirts of London, Ontario, and in my constituency of Middlesex East. This sanatorium, one of the largest in Canada, and probably one of the largest on the north American continent, houses 600 patients in all stages of the disease. Such a large concentration of his fellow citizens brings home forcibly to the visitor the seriousness and extent of this malady. His Excellency, Earl Grey, at one time Governor General of Canada, dedicated the Queen Alexandra sanatorium on April 5, 1910, but in studying the history of the institution we must go back a few years. In 1908 the late Sir Adam Beck and Lady Beck, realizing the urgent need of providing some means of caring for those suffering from tuberculosis, stressed the importance of a sanatorium as a centre from which to combat the disease in that district, and under Sir Adam's leadership some twenty prominent citizens of London were instrumental in organizing in 1909 the London Health Association. The board of directors as elected at the first meeting were: President, the Hon. Adam Beck; Vice-President, Mr. J. B. Smallman; and Honorary Secretary-Treasurer, Mr. H. E. Gates, with seventeen directors.

There followed the establishment of clinics and the examination of contact cases. Many children were found to have been exposed to the disease, and the question of caring for them presented a serious problem. It was not safe to put them with adult patients; for some were suffering from the disease in an advanced form. Certainly a preventorium for children was urgently needed. The London Health Association, discharging the heavy duty of the sanatorium, asked the members of the Women's Sanatorium Aid Society to assist them by raising the sum of $10,000 for the erection of a building. The society was given three years in which to raise the fund; but they worked so successfully that it was raised in fourteen months, and in June, 1914, the preventorium, with beds for thirty children, was officially opened by Sir John Gibson, lieutenant-governor of Ontario.

Then came the world war. The first soldier patient was admitted to the sanatorium in 1915. By the end of the following year the number of those being treated was fifty-one, and the buildings soon became crowded to

their utmost capacity, necessitating emergency accommodation. In 1918 the Marion Beck nurses' residence was donated by Sir Adam and Lady Beck as a token of thanksgiving for the restoration to health of their daughter. In 1921 Lady Beck passed away. Sir Adam died on August 15, 1925. Much sorrow was felt when these deaths occurred; for these good people were the essence of self-sacrifice, charity and goodness towards their fellow men.

Mention should also be made at this time of the erection of the veterans' memorial building, which was a gift of the Byron sanatorium branch of the tuberculous veterans' section of the Canadian Legion, B.E.S.L., as a tribute to those men who during the period of their own illness had unselfishly given of their strength to help others. One-half of the building contains a rest room for the use of visitors to the sanatorium, and the other half is used by the officers of the Byron branch. On the occasion of the dedication and the opening ceremony, held on November 23, 1930, the Hon. Colonel Murray MacLaren, then Minister of Pensions and National Health, was present and officiated.

For some years the quarters provided for the members of the staff of the Queen Alexandra sanatorium who were engaged in active work in connection with the field of tuberculosis research had been most inadequate. Through the generosity of Mr. W. L. Mara the Mara laboratory was founded. This laboratory is most modern and up to date from the point of view of scientific equipment and X-ray apparatus, and it was erected as a memorial to the Mara family. Doctor J. G. FitzGerald, dean of the faculty of medicine of the university of Toronto, officially opened the building on October 28, 1932.

The area particularly served by the Queen Alexandra sanatorium comprises the counties of Middlesex, Elgin, Lambton, Kent, Huron, Perth and Oxford, although patients are admitted from any county in Ontario. Clinics for the free diagnosing and examination of contacts and suspected cases are conducted as follows: In London, at the Victoria hospital, twice weekly; at the Westminster hospital, three times weekly, ex-soldiers only; at St. Joseph's hospital, weekly; and monthly in Ingersoll, Goderich, Sarnia, Stratford, Chatham and Woodstock. These clinics, which require the services of two full-time senior staff physicians, and one half-time stenographer, are financed through the sale of Christmas seals in the counties mentioned. In addition to the diagnostic clinics there are four outpatient clinics a week, as the sanatorium to which patients previously treated in the sanatorium return for their pneumothorax treatments. An average of seventy-five patients a month receive these treatments. The sanatorium property consists of 543 acres of land, and it is necessary to rent an additional 150 acres. An accredited herd of 180 holstein and jersey cattle and a flock of some 3,000 white leghorn hens provide the milk and fresh eggs so essential in the diet of the tuberculosis patient. The sanatorium has its own pasteurizing plant; a large garden produces fresh fruit and vegetables in season. For some time now the sanatorium has been administered under the very able leadership of Doctor D. W. Crombie, medical superintendent.

[Mr. Ross (Middlesex).]

That is the statistical part. I have some personal touches which may be of interest to hon. members. As the sanatorium is situated in my riding, I have had opportunity time and time again to visit it, and have had many discussions with the staff physicians. These lead me to the comforting impression that much has been done and is being done to stem the ravages of the white plague. Among those interested in the disease there is an appreciable feeling of optimism as to what may be done in the future, both in the treatment of the individual patient and in prevention. This feeling of optimism appears to be growing. As a layman I am struck by one outstanding fact, so obvious that the mention of it seems like the utterance of a truism, that is that tuberculosis is preventable.

Tuberculosis is an infectious disease. It is caused by a known organism called the tubercle bacillus, which has been recognized for about fifty years. This germ is transmitted from the diseased to the healthy. Inasmuch as the disease is caused by a known organism, it differs from the so-called degenerative diseases. Being caused by a known agency, tuberculosis should theoretically be preventable. In spite of this, however, there were 6,591 deaths from this disease in the dominion in 1936. This is not said in criticism of the agencies which are engaged in anti-tuberculosis work. To them goes our warmest praise; for they have waged an unremitting battle against the plague and have used to the utmost all available weapons against it. There are many medical, social and economic factors which make the struggle for the prevention of tuberculosis much more difficult than the campaigns so successfully directed against other infectious diseases, such as diphtheria and typhoid fever, which used to take such great toll of human life but now are relatively rare. However, in spite of difficulties it is evident that real progress has been made towards conquest of the disease.

The 6,591 deaths from tuberculosis in 1936 represent a death rate of sixty-one per 100,000 of population. This is in marked contrast to the situation only five years ago. In 1931 there were 7,628 deaths from this disease, representing a death rate of seventy-four per 100,000. In 1926, five years before that, the death rate was eighty-six per 100,000. Comparative figures for the dominion are not available before 1926, but the fall in mortality in the last fifteen years has been remarkable. Prince Edward Island cut its death rate from 145 in 1921 to sixty-six in 1936; Nova Scotia from 134 to eighty-nine. In Ontario the death rate over this period fell from seventy-one to thirty-six. From these figures comes the comforting assurance that the struggle against tuberculosis is meeting with substantial success. Nevertheless one cannot view with equanimity the fact that even yet this disease, which on the face of things should be preventable, each year wipes out in the dominion enough people to populate a good sized town.

The question of treatment and that of prevention are closely interrelated. Discussion with sanatorium physicians reveals the fact that more patients than ever before are having their disease successfully arrested and being returned to useful and normal lives. Rest treatment, which time has established as the only successful cure, has of late years been increasingly aided by various forms of surgery which are employed to assist the diseased organs in their recovery. It is now possible to bring about lasting cures in many cases where previously all that could be looked for was a temporary prolongation of life. Indeed the evolution of the treatment of tuberculosis forms one of the most interesting and satisfying chapters in the history of modern medicine. Furthermore, adequate treatment means the isolation of those who are infectious, and the permanent and satisfactory arrest of the disease means that the patient is no longer a source of danger to his community. It is not claimed that the tuberculosis sanatoriums are the sole factor responsible for the fall in the death rate. They play a large part; but the cause of the decline in mortality probably rests on a broader basis, namely, the increase in public awareness of the disease, its causative factors and means of prevention. The community which is tuberculosis-minded is the one which will show decreasing incidence. That community will employ the greatest number of anti-tuberculosis weapons, among the most effective of which are the sanatoriums. It appears, therefore, that the community which employs these special hospitals to the utmost will also be found to be making full use of other measures, such as stationary or travelling clinics, milk pasteurization, observation of contacts, separation of children from infectious adults, and all modern methods of health education.

This conclusion is endorsed by a study of dominion statistics. Several natural factors influence the incidence of the disease. For example, the maritime provinces have always shown a higher incidence and death rate than the prairie provinces. This may be due to several causes, including the differences in density of population, standards of living, housing and climate. Thus the wide scattering of the prairie population and the known antiseptic value of intense sunshine on infectious material may do much to keep infection under control.

If we discount these natural factors which may cause variation in incidence, it is evident from our statistics that the number of sanatorium beds in a community can be used as a criterion by which to judge the extent of its anti-tuberculosis work.

In Ontario the movement for the establishment of tuberculosis sanatoriums was early in its inception and sturdy in its growth. Thirty-one years ago Sir William Gage built in the Muskoka district the first Canadian sanatorium, which still exists as the Muskoka Hospital for Consumptives. In 1936 Ontario had 3,205 beds for the treatment of the disease. Concurrent with the increase in the number of beds has been an increase in public interest, in the formation of private and governmental clinics, governmental and municipal examination of contacts, pasteurization of milk, and public education in matters of health. The total governmental, municipal and private cost of operating tuberculosis sanatoriums in Ontario last year was $2,250,551. When we consider that the death rate in Ontario last year touched its lowest point of 36 per 100,000, it is difficult to conceive of any better way in which two and a quarter million dollars could have been spent.

What can the dominion government do to further the struggle against tuberculosis? I hesitate to make any concrete proposal; I am aware that the matter as it affects the dominion is in goods hands in the ministry of health and the Canadian Tuberculosis Association. Would an increase of knowledge, interest and appreciation on the part of the house lead to material encouragement of their efforts? More public education as to the increasing curability of the disease and its prevention is essential. The power of publicity in these matters is enormous. Last spring the premier of Ontario made a speech on the subject which received wide publication, and I am informed by sanatorium physicians that

in the two months following that speech these sanatoriums had great difficulty in admitting the number of patients who clamoured for treatment. Therefore it is evident, from a study of the course of the disease in the last quarter century, that the time is fast approaching when a full and concerted effort on the part of all concerned would reduce tuberculosis from the terrifying position given to it by Sir William Osler as one of the "captains of the men of death" to an insignificant place in the mortality tables of the dominion.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. JOSEPH NEEDHAM (The Battlefords): Mr. Speaker, may I first place on record the resolution under discussion:

That, in the opinion of this house, it is most urgent that state medicine be established in the Dominion of Canada.

The resolution is very broad. It does not indicate how state medicine should be established, or whose direct responsibility this duty would be. All hon. members are aware that the provinces have a large share in the control of the health of our people. We also recognize that there is a federal department of health. I take it the resolution contemplates cooperation between the provinces and the dominion in the establishment of a system of state medicine. Just how far the authority of these respective governments should extend is perhaps one of the points which will have to be settled. We know, however, that each is or should be directly concerned with the health of the people.

Perhaps the state should have the first concern, because the state must realize, perhaps more directly than do the provinces, the value of citizens. In a time of war the federal state has a claim on every citizen and should have the first responsibility of seeing that every citizen is kept in the best possible health. All hon. members realize that while a healthy person is an asset to a state, a sickly person is a liability.

Then we may analyze the question from another angle. The federal state is directly concerned with matters of war and armament. We might ask ourselves this question: What is the use of providing defence unless we have healthy citizens to use the defence equipment? I say it would be far better to spend less money on armaments and more on the health of the population, even though

such health expenditures be considered from the standpoint of war preparation. It should be of at least equal, or possibly of greater concern to have healthy people than to have armaments.

From the evidence brought forward this afternoon it seems clear that those countries most progressive in the construction of armaments are the countries giving the greatest attention to the health of their people. This is not a political issue, nor is it a claim whereby one class may benefit more than another. The benefits derived would be for the good of the whole dominion. If such a scheme could be worked out, I feel we would go a long way towards creating a happy and contented people, because it is impossible to enjoy life while in a state of imperfect health.

May I make particular reference to some of the arguments adduced this afternoon by the hon. member for Humboldt (Mr. Fleming). I clearly recall that the same arguments were advanced when state medicine was proposed in Great Britain, and I believe they have been advanced in every country where the subject has been discussed. I believe his argument that everybody with a sore finger or a sore toe would run to a hospital, if medicine and hospitalization were free, is not well founded.

I recall that in 1917 and 1918 the municipality of Round Valley granted free hospital accommodation to its citizens. Two years after the system was inaugurated a new council rescinded the provision. I was secretary during the period, and I know that fewer patients from the municipality went to the hospital during the two years hospitalization was free than during the time the people had to foot their own bills. If necessary, I could produce proof of my statement.

I shall not take time to place statistics on record, because I believe sufficient were advanced this afternoon. We did hear, however, that each year $311,000,000 is spent in treatment of disease while only $7,000,000 is spent for preventive purposes. I find that in Ontario, $54,846,349 was spent on sickness in one year, and $834,502 was spent on public health. It would seem safe to say that there is room for investigation in connection with preventive medicine, and to ascertain whether or not sickness cannot be arrested in the early stages. On many occasions persons may have to pay $300, where $30 should have been sufficient to prevent the illness.

For these reasons I say we should have a health program for the whole dominion worked out cooperatively between the provinces and the dominion. We often hear it said that human life is the most valuable

asset the dominion has. That value is enhanced if human life is in its full vigour of manhood or womanhood. The American Medical Association have stated that state medicine is any form of medical treatment provided, conducted, controlled or subsidized by the federal or state government. So, in a degree, at the present time, in quite a number of the provinces we have state medicine, and especially in connection with the operation of sanataria and the subsidizing of hospitals and doctors.

A royal commission was appointed in Saskatchewan in 1921, and its report showed that sixty-five per cent of the school children were infected with tuberculosis, and that seventy-five per cent of the students in the normal schools were in the same condition. In 1934 only fourteen per cent of the school children and seventeen per cent of the normal school students of Saskatoon were infected. Ninety thousand school children were examined in British Columbia and eighty-three were found to be medical defectives.

I should like to pay tribute to what has been done by the school nurses in some of the provinces and also to the efforts put forth by some municipalities to provide dental and medical care for school children. When a report is sent home that a pupil requires certain treatment, quite often there is the problem of financing to be solved. I know of one instance where a school nurse visited a school and recommended that two girls should have their tonsils removed. Neither set of parents considered the matter to be sufficiently urgent; it was thought that it could be left until holiday time. In both instances the girl was dead before the holidays. The fear of having to pay a doctor's and hospital bill is what keeps many back.

Reference was made this afternoon to what other countries are doing along this line. Sweden presents the nearest approach to state medicine. The system there is on a non-compulsory basis and most of the people take advantage of it. A room in a publicly owned hospital costs seventy-five cents a day as compared with $7.50 a day in a privately owned hospital. An appendix operation costs only $8. Sweden rightly boasts of the most inexpensive yet most efficient health service in the world. We can all make a comparison between those costs and what we have to pay in our own community.

The National Health Insurance Act was passed in England in 1911. This was a compulsory scheme for all workers receiving less than $1,250 a year. The average contribution by the worker is about eight cents a week, the employer paying a like amount and the state, the balance. That scheme has been in operation for many years, and it offers a guide as to what is beneficial for a country. A patient is permitted to have his own doctor, and the doctors have as much freedom under the scheme as they had formerly. I should like to quote Lloyd George in this connection. In July, 1933, he said:

> The scheme of national health insurance which I launched in 1911 has now been in operation for twenty-one years. It has firmly established itself as a permanent feature of our social life and has proved of incalculable benefit to the nation. While its main features have remained unaltered it has been added to and adapted by successive governments of every party colour and used to serve as a basis for further developments of social insurance which are steadily raising the standard of life of our people and increasing their security and happiness.

Doctor Routley, secretary of the Canadian Medical Association, visited Europe last year. Speaking on February 7, 1938, at the convention of the association held here in Ottawa, he stated that Lloyd George had told him that such social security measures as state medicine and health insurance had kept Great Britain from revolution in the past few years. State medicine has been in operation in England since 1911 and it has proved its worth. More than 18,000,000 people in the British Isles have benefited from the free health services.

I should like to touch briefly upon what has taken place in New Zealand. As a memorial to King George V, the government decided last year that a fund should be created for the establishment of permanent health camps. Public appeals and government subsidies produced approximately $850,000. Last year half a pint of milk daily was made available to all school children, both public and private. What a boon to agriculture such a scheme would be. Of course, we are glad for what has been done and for what is being done. Lord Bessborough and his lady appealed for a fund to be known as the King George V silver jubilee cancer fund. This fund has made it possible to do great work throughout the dominion.

I should like to turn now to my own province. I want to give all credit possible to the provincial government and the municipal authorities of Saskatchewan for what has been done in connection with state medicine, hospitalization and control of tuberculosis. That province is now seeking to lead the world in cancer treatment. The only thing that keeps it back is lack of funds to complete the program. I have read carefully the addresses of the present Minister of Public Health, Doctor Uhrich, as well as the reports

of the state medical association. With the cooperation of the dominion government it will take only a short step forward to have state medicine in that province. There is a provincial statute which permits any municipality to engage a doctor. The last report I have is that of 1935, and it shows that there are fifty-four full-time and fifty part-time municipal doctors. Prior to that time I had never known of a municipality that had gone back on the scheme after once engaging a doctor. The scheme must have proven itself in that province. There are twenty union hospitals brought about by the cooperation of two or more municipalities. In this way a hospital is established, and in many cases the hospitalization is free or almost free.

I have often wondered why Ontario was so greatly concerned in the quints, those five little girls at Callander. But we see what medical care and attention has done for them. They are no more valuable than my child or yours; but because the state could commercialize them, it was worth while. I say that the state should commercialize every citizen of this dominion in order that they may render to the state the highest possible service; and it would really in the end be the best possible investment this country ever made, to produce the strongest, most virile race possible on this part of the north American continent. The state has all the means at its disposal; we have the equipment; we have the willingness of the people, and if anything stands in the way, this government should be able to remove any difficulty.

Mr. PIERRE GAUTHIER (Portneuf) (Translation): Mr. Speaker, will you allow an unfortunate victim of the poor acoustics of this chamber to make an effort to have his voice reach you and enunciate a few arguments against the resolution moved by the hon. member for Fort William (Mr. McIvor) —which all of us cannot approve—and in favour of personal and private initiative aided, financially at least, by the public authorities.

If the convictions of the hon. member for Fort William are as deep, as strong and as vibrant as his voice, the combined arguments of those who do not share his opinion will hardly suffice to make him change it. I am not accustomed to speaking English in this house, but in the hope of convincing the hon. member by speaking his language, I may be permitted, Mr. Speaker, to continue my remarks in English.

(Text) I know that the motion before the house is important; but I am one of those who do not share the opinion of the hon. member for Fort William (Mr. McIvor), and I know that if a law were enacted by this parliament establishing state medicine throughout Canada, it would not be as welcome in the country as he thinks it would. I admit that in some countries state medicine is in operation. I have read interesting books on the nationalization of the medical art. Perhaps I should use the word "socialization," for in some special regions it would be more correct. In reading those pages, one is inclined to look upon the results obtained there as very encouraging, almost perfect in fact. Clinics for children, mothers, and men, whatever may be the disease, endangering their lives, are under the surveillance of skilful trained nurses and eminent doctors; chemical and physiological researches are carefully carried out, and serums freely and widely applied. But we do not need state medicine to obtain all these good results. Read the history of medicine and you will find that the works of Pasteur, Harvey, Carrel, and the discovery of Doctor Banting, are not to be attributed to state medicine. Their discoveries were due to the personal initiative of these individuals. Their genius could not wait for the establishment of state medicine.

I agree that the government in many instances should be prepared to help private initiative, to render it more effective for the welfare of the people. Nothing can be too costly when the health of the nation is at stake. If there is a capital that should be jealously taken care of, it is the human capital, and in the past this protection was easily obtainable by private initiative, very often helped by the public purse. Nobody can convince me that the old system has failed or that the medical profession has not successfully served the needs of the people, that it has not met the demands of the populations in various countries of the world. Is there not any other means, sir, of helping the people than by nationalizing or socializing everything? Have we come to the pass in this world where the individual is looked upon as incapable of any personal effort, too weak-minded to produce by himself what society expects from him, so interested in the word money as to convert even his own talents, his self-sacrifice and devotion towards others, into nothing but money?

Let it be understood that I am not imputing to the mover of the motion thoughts and motives which are not his. To come to the point, I want to bring to the consideration of the house what is now the general tendency in many parts of the world, and, I am sorry to say, in different parts of our own country, and that is to impose on the state a general

control of human activities in every domain. I shall not go further on that line except to say that if this opinion should prevail in the world, it should leave the medical art alone, and leave to the patient the freedom and satisfaction he enjoys in the choice of his own doctor.

I shall not quote any statistics; I do not need them, as they cannot express or even help to make clearer the argument which I wish to use against the establishment of state medicine. I intend to bring into this discussion, however, the results of my personal observations as a general practitioner. For seventeen years I have been in constant contact with the patients whom I have had the opportunity, and I must say the pleasure, of treating for various ailments and diseases. One cannot be directly associated with sick people for many years without learning what qualities they desire in their medical man. State medicine may have and probably has many appealing sides and many advantageous issues for some people. I do not believe, however, that it can replace the genuine satisfaction which is brought to anyone jealously keeping his freedom in the choice of his own doctor, his family doctor, whether he is a general practitioner or a specialist.

State medicine may appeal even to an important part of the medical profession, anticipating the day when every treatment, every pill, every look at a wound will surely bring a monetary compensation. But this same important part of the medical profession, practitioners or specialists, would, I am proud to believe, hesitate to favour a law enacted by parliament which would change this present noble and self-devoting profession into a part of the state mechanism. One may say that devotion does not always bring food to one's family. I agree that that is true. But every doctor can say this, that his first clients were not always rich people; poor people called upon him during the first days of his career; poor people were the ones confident enough to try his skill, his medical judgment even though it were from pure necessity. Anxious to do well and to do good, to bring the happiness that follows physical and moral relief, he answered the call. After a few weeks the young doctor already had a fragment of practice. The poor people who were his clients spread their satisfaction in the vicinity; rich people acquired confidence and began calling the new doctor. Indirectly the free treatments were bringing food and happiness—happiness through success and devotion—to himself and later to his family, when he acquired one.

But what if this young doctor is state-salaried? What sentiment develops in his mind? Absolutely different will be the link between the medical art and the people in general. He will regard himself merely as one obliged by law to give treatments. Will the moral obligation on his side, this consoling and disinterested devotion towards the human being in need of medical care, remain strong enough? Can anyone say that later on, in the course of time, all sensitiveness will not depart from his mind and be replaced by a series of numbers, all alike, to which he has to attend in series at certain times of the day or of the week, whether it be a specially urgent disease or one of those emergency cases so frequent in general or special practice? The medical man cannot be indifferent to his patients. He cannot look at them as he looks at things. If he does, it is no longer the medical art; it is crude materialism in its operations, expressions and results.

I know the danger of materialism for those who spend their time in fighting against matter, especially for those trying to put an impenetrable wall between their physiological and psychological knowledge. Why open a door to this sometimes disastrous danger? As I said, on the patients' side the result cannot be any better. They will be trained to see in their doctor the man in some way imposed by the state. Because if we appoint one, two or three doctors for a special district, the patient will have to take one of these on account of certain regulations that the administrating board will have to impose in order to have at least a seeming control.

Can the state act successfully without depriving the individual of the sacred right of freedom, even if he is poor, in the choice of his own doctor, his family doctor, the one he thinks is the best, in whom he is absolutely confident? I do not think so. And if you destroy between the doctor and his patient this certain amount of ease, sympathy and confidence absolutely necessary for the success in many many cases—so important sometimes to produce, in certain maladies, what you would look upon as a miracle—if you ignore the link between the medical art and the people whom you have accustomed to look upon it as part of a mechanism operated by the state, you lower the level which this art has obtained, and in doing so, you do not render a service to society.

My apprehensions are not futile and my words are not delivered in view of a political advantage. I am giving the house my point of view on the matter. To tell this chamber my admiration for the admirable part doctors have played since the opening up of this country, would be superfluous. The public in

general, the women in particular know what doctors have done from the largest cities to the most remote lands.

Some doctors may find state medicine a gift of Providence. They may find practice too hard at times, the evenings too long, the profession in itself ungrateful, especially when the pay is small, in some instances nil. I have been through all that. It is sometimes hard, not only for the doctor, but for his family, and I might say, for his creditors also.

Though doctors have not been the only ones to suffer in this world, I think they have suffered more than any one in any other profession. But who in this world has never experienced want, in the different stages of physical or moral life? I do not wish to prove that necessities in life are to be absolutely forgotten. I only want to say that there is more in life than stingy personal interest, more than monetary or material considerations.

I said, sir, that private initiative could be greatly helped by public powers. This brings me to the last part of my remarks, to a suggestion I desire to be accepted in every part of this land. As a member of the Quebec legislative assembly I witnessed the birth of what are called the "health units." They represent in the highest degree the help that public authorities can obtain in promoting private medical initiative without the establishment of state medicine. They prove that state medicine is not needed to help us to perform wonders. Thirty-five units are under operation at the present time, and they certainly give satisfactory results. They are operating in rural districts, the cities having their clinics, dispensaries and so forth, subsidized by the provincial government. I know these organizations cannot be perfect; they are man-made. But they give the best results. I should say they are the most nearly perfect corps a province or a country could have.

They have met with strong criticism on the part of both the doctors and the public; but having proved themselves absolutely necessary they will, and as a matter of fact I believe they do, meet with general approval. The great utility of these units lies in the tracing and prevention of diseases and in the education of the general public by literature, clinics and lectures to mothers and children. The official doctors pay special attention to young mothers. Neither the doctors nor the nurses are allowed to practise. They have strict orders from the department to direct to his own family doctor anyone who needs care, and a sanitary inspector sees that the law is carried out in regard to public septic nuisances.

[Mr. Gauthier.]

In the territory covered by the units between eighty-five and ninety per cent of the children from birth to the age of five are immunized against diphtheria. Since the establishment of these health units, infant mortality has fallen from 200 to ninety per thousand births. The doctors who head the units have special degrees from the university of Toronto or the university of Baltimore.

What I have outlined here represents the results which have been obtained without state medicine. The spirit that led to the establishment of these units was the desire to help both doctors and public. and the proper functioning of the units is sure to accomplish the end in view. The Rockefeller Foundation gave wonderful financial assistance to the provincial government, and the people of the province are grateful to that institution. I have read in the press that the thirty-sixth health unit will be in operation in Drummondville on the first of May, and others shortly in Wolfe and Richmond counties. I am glad to see that the Quebec provincial Minister of Health is giving his attention to the establishment of these health units. I congratulate the provincial government upon its continuation of what was begun by the former government of the Hon. Mr. Taschereau.

I do not yet know what view our federal Minister of Health has on this question of state medicine; but I have absolute confidence in his judgment, and I believe that he will deal with the question from the standpoint of the interests of the Canadian people as a whole. I ask this chamber to examine the question thoroughly before urging upon the government the establishment of state medicine. State medicine may have a brilliant side, but it cannot replace the absolutely necessary links between the people and the medical art. I have dealt with but one side of the question, and that imperfectly. Others, I am sure, will present special arguments against the proposal for state medicine.

(Translation) After the efforts I have just made in the language of Shakespeare in order that all members of the house might understand the sole point that I wished to emphasize to-night, that is the moral aspect militating against the establishment of state medicine. I hope hon. members will carefully consider the system in force in the provinces of Quebec and New Brunswick. I remember quite well that at the birth of sanatory units in Quebec—and I see here a few of my former colleagues of the Legislative Assembly who can corroborate my statement—strong objections were heard from medical organizations and from the public.

As I stated a moment ago with great difficulty in a language not very familiar to me, sanatory units have proved themselves, to my mind, the only effective means of preventing the establishment of state medicine in Canada, in the event of the Minister of Pensions and National Health (Mr. Power) favouring such a measure. There are doubtless doctors who would prefer state medicine, but it has a defect which slips too easily into the life of the doctor and which both the public and the doctor should combat by all possible means, that is the spirit of routine. To my mind, and I speak from an experience of seventeen years, state medicine is the surest means of developing this spirit in the practice of medicine. For this reason, for the public good and in order to maintain the medical art at the high level to which it should be maintained in this country, we should take every means to repel this danger and to prevent the introduction and development of this routinism which, I repeat, so easily creeps into the practice of the medical profession.

A doctor's life is not a bed of roses. It is not pleasant to leave a warm house at two o'clock in the morning in twenty-below-zero weather, in order to bring relief to a patient. It does not always appeal to everybody and to every doctor. But there must be somebody to do it, and it must not be forgotten that our country has developed and is still developing as a result of the devotion to duty shown by all classes of its population. Therefore the doctor is ever ready to do his duty. In remote districts where he cannot reach his patients easily and quickly and where the population is not large enough to support a doctor, the state should help the doctor to live and to provide the sick with the medical care essential to every human being.

Hon. C. G. POWER (Minister of Pensions and National Health): The resolution which we have been debating all afternoon reads as follows:

> That, in the opinion of this house, it is most urgent that state medicine be established in the Dominion of Canada.

To a layman confronted with a resolution of that kind, the first difficulty is to get a real definition of the terms employed. I have listened carefully during the afternoon in order to understand exactly the definition of state medicine, at least in the minds of many of those discussing it. I took the trouble to read in the pages of Hansard debates that have taken place on this subject during recent years, in order to see if they contained a definition of state medicine. I found that on many occasions several hon. members had stated the purpose of state medicine. My predecessor the Hon. Doctor Sutherland on one occasion said:

> The ultimate purpose of any plan is to make available for every Canadian the full benefits of curative and preventive medicine, irrespective of individual ability to pay, and, at the same time, to assure the practitioners of medicine and others associated in the provision of medical care a reasonable remuneration for their services.

My good friend the hon. member for St. Boniface (Mr. Howden), with the idealism which characterizes him, has on former occasions when bringing a similar resolution to the attention of the house, depicted state medicine as a modern utopia. Doctor Stanley, who was member for Calgary East in the parliament which sat here from 1930 to 1935, and who took a great interest in all these matters, stated that he was unable to define just what state medicine was. Under those circumstances I thought it advisable, as a layman, to seek counsel from those who might be best qualified to know, so I asked some of the officers of my department to telegraph to the secretary of the Canadian Medical Association to ask him what definition he would give of state medicine. This definition has already been quoted by the hon. member for St. Boniface this afternoon. It is as follows:

> Canadian Medical Association has not adopted any official definition of the term state medicine, but it is my view that council would likely be in agreement upon the following definition. By state medicine is meant a system of medical administration by which the state provides medical services for the entire population or a large group thereof and under which all practitioners are employed, directed and paid by the state on a salary basis.

That is to say, state medicine would be a system whereby medical service would be available to all citizens, and all the medical workers—if I may so express myself—doctors, nurses, dentists, orderlies, etc., would be paid and directed by the state.

On the other hand we have been talking this afternoon of a system described as health insurance, which is cognate to state medicine. But health insurance differs from state medicine, as I understand it, in that it implies a contribution of some kind by the beneficiary and does not necessarily mean that the doctor or medical worker will be in the employ of the state. So the definition I am told should be this, that state medicine means free treatment of all citizens, with payment of the doctors by the state, whereas health insurance means treatment of those who have contributed, by doctors paid, either by fees or on a capitation basis, to look after people who intend to be beneficiaries under the scheme.

We have also discussed during the afternoon what I might call public health. If this resolution refers to public health, then there is no great necessity for its being on the order paper, because public health work is carried on in all the provinces of this dominion and there is a department of public health in the federal field. Public health work I understand to mean the intervention of the state in such matters as preventing the importation of disease from foreign countries, for which we have set up our quarantine regulations, also the state looking after the sanitary arrangements of the people, for which we have our municipal laws and regulations. It includes further the intervention by the state, as in the case cited by the hon. member for Portneuf (Mr. Gauthier), namely, the health units in Quebec and in other provinces, which with the assistance of philanthropists have developed a system whereby health services are furnished gratis to a very large proportion of the population, the portion which needs it most, as my hon. friend said. There are food regulations which also come under the heading of public health, and which we have had from time immemorial. It is a matter of some local pride for me to say that three hundred years before the United States of America were forced to pass regulations regarding food by the vitriolic pen of the well known novelist who wrote The Jungle, we in the city of Quebec had regulations governing the slaughtering of animals for food. Even in community effort to look after disease, at the beginning of the eighteenth century there was in Montreal a Doctor Bouchard who carried out a plan somewhat similar to that outlined by the hon. member for Winnipeg North Centre (Mr. Woodsworth), and on payment of a certain fee undertook to look after the health of certain of his fellow citizens.

I believe the idea now being generally studied throughout the world, and the one which possibly is the basis of this resolution, is that public health is not sufficient. We must go a good deal beyond that and look after the health of the individual, as differing from that of the community to which I just referred. We must even go beyond the sphere of action of dealing with the communicable diseases, and go into the very homes of the people and there deal with the individuals with respect to both preventive and curative medicine.

There is no doubt in my mind that there is growing throughout Canada and, in fact, every other country, a greater consciousness of the responsibility of the state towards its citizens in matters of public health. There is no doubt whatever that the economic, social and moral structure of the state to a large extent depends on the health of its citizens. It is coming also to be believed in Canada and elsewhere that one of the fundamental and most important functions of government is to care for and preserve the health of its citizens. There have been many schemes and many projects submitted to various legislatures in Canada. Some of them are perhaps impossible of present realization, on account of financial difficulties; some met with local difficulties, others with jurisdictional difficulties, and it would be apparent that even were we immediately to decide to embark on one or another of these schemes, we would at once be faced with the question of priority.

For instance, I do not think there is any doubt that the greatest need for medical care to-day in Canada would be in the rural areas. But there might be some discussion as to whether or not it is the extremely indigent people who need looking after, from the standpoint of physical well-being, or those whom we might call the lower middle class, the wage earner on the smaller salary. On the other hand, if health insurance were to be adopted, in all likelihood it would be the wage earner on the small salary rather than the indigent person or the person engaged in agricultural pursuits, who would be the first to benefit.

Possibly, without going into an elaborate discussion of the various schemes, I might best make my contribution to the debate by laying before the house such information as I have been able to obtain, through the officers of the department, with respect, first, to health insurance and, second, to state medicine, as it exists in certain other countries.

Health or sickness insurance, whichever term you wish to use, has been in existence for a very long time. At first the intervention of the state was not required. During mediaeval times, in the middle ages, the guilds, which were corporations made up of employers and employees had, as one of their principal functions, the looking after of the health of the persons composing those guilds. As time went on, we find that during the French revolution the guilds were abolished. Later on, the industrial revolution came along, and they no longer had their place in the social structure of the day which, as is well known, did away with the old friendly relations which existed between master and journeyman. That system made of the employee more of a machine than a working companion. If we can believe what we read of those days, the situation of the worker in industry at that time was most deplorable.

But in spite of the economic liberalism which had brought about the industrial revolution, it soon was brought to the attention of those interested in their country and in its citizens that something must be done to alleviate the lot of the toiler. As a result the factory laws began to make their appearance in England.

For many years these laws were merely palliatives. Children under twelve years of age were not permitted to work in the mines, and so on. But as time went on there developed in the minds of employers, and certainly in the minds of employees, a resolution to see to it that the people who worked in the factories and mines were better treated and had a better chance to enjoy the life around them. Employers undertook large schemes for the benefit of their workmen, such as Port Sunlight, by Lever Brothers, and Bournville, by Cadbury. Employees began to form trade unions and friendly societies. The state at last became interested, and recognized the trade unions and friendly societies. After that, not only in England but throughout the world recognition of the societies was made by way of subsidies to assist them in their work and, finally,—first in Germany, I believe, and followed by similar legislation in other countries in the world—by compulsory enrolment of the workers in these friendly societies under the jurisdiction of the state.

And so we have it that the first state health insurance scheme of which we have knowledge was started in Germany in 1883. When it began operations it dealt only with industrial workers. Soon it took in the workers employed in commerce, then the agricultural workers, finally the workers in the homes and, I believe, even the workers in transportation. The result is that to-day sixty per cent of the workers in Germany are under some form of health insurance scheme. They must, however, belong to some society; the scheme to which they must belong is indicated to them by the state. There is compulsory insurance and compulsory enrolment in a specific scheme. The contribution by the worker is two-thirds, and by the employer one-third, the state contributing nothing more than the cost of supervision and, in some instances, administration.

The latest figures which I have been able to find with respect to the cost show that it runs about $2.50 per person per annum. In Great Britain where, it has been stated, a system of state medicine obtains, there is no state medicine, but there is a widely developed scheme of health insurance which covers something like 19,000,000 workers. The legislation covering health insurance was introduced in 1911, and provided that the insured would benefit through medical care and sick benefits when laid up. There is also provision for maternity and disablement benefits. The weekly contribution by the male worker is nine pence and by the female worker, eight and a half pence. The employer contributes an equal amount and, after paying the cost of administration, the state contributes an amount equal to one-seventh, in the case of the man, and one-fifth, in the case of the woman. During 1936 the contribution of the state to the health insurance scheme was £7,000,000, while contributions by the workers and employers amounted to £27,000,000. The interest income was something like £6,000,000.

The scheme is administered, first, by the central administration or the government; second, by committees and, third, by friendly or approved societies. The insured may belong to an approved society and obtain extra benefits in quite a substantial way. The scheme is in sound financial condition, and over eighty per cent of the 6,000 approved societies are in a position to grant additional benefits to their members. In 1924 a royal commission presided over by Lord Lawrence of Kingsgate was appointed to inquire into the scheme and reported unanimously as follows:

> We are satisfied that the scheme of national health insurance has fully justified itself and has, on the whole, been successful in operation. The workers of this country have obtained under it substantial advantages, in particular by securing the title to free medical attention and medicine whenever and as soon as these are required. We are convinced that national health insurance has now become a permanent feature of the social system of this country and should be continued on its present compulsory and contributory basis.

It is only fair to say that in England to-day there is considerable criticism of the scheme. I have under my hand a pamphlet issued by Political and Economic Planning, a non-political organization. The insurance scheme is criticized in this pamphlet, not because of the principle involved, but with respect to the details. The pamphlet states that there is not sufficient coordination; that in one locality the treatment of tuberculosis may be very good, while maternal care would leave much to be desired. It states also that there are too many committees and authorities. I believe the example given of the county of London shows that to man all the committees would require something like 19,000 people.

There is also criticism of the faulty distribution of the panel patients. Some doctors have too many patients on the panel roll, while others have not enough. The greatest difficulty that they have to face is, in my opinion,

the fact that no provision is made for the dependents of the insured. Emphasis is laid on curative rather than preventive methods. The report goes on to urge the extension of the use of existing services and states that as additional funds are available, these services should be supplied where needed. Certain priorities are suggested, and perhaps the house will hear with some surprise the statement that one of the first priorities is better nutrition. It is also suggested that there be a provision of general practitioner service for the dependents of insured persons and the encouragement of wider studies of the causes of ill health.

Criticism is also made that the smaller tradesmen and independent workers do not come under the scheme. It is suggested that those who earn something more than £250 per annum, the limit at the present time, should be allowed to come into the scheme. From information that I have been able to obtain, there would seem to be general agreement as to the principle of health insurance generally, but innumerable criticisms of the details. In some countries, as in France, physicians are paid on a fee basis, the beneficiary paying a portion. In other countries the system is worked on a panel system and each doctor is paid on a capitation basis. The minimum wages for those who come under the scheme range from $900 to $1,200. Most insurance schemes do not cover the dependents. The schemes mostly provide for common illnesses that may be cared for by the general practitioner and do not make provision for any preventive medicine, as is being most frequently urged.

Now I come to state medicine proper. Under any definition which I have been able to obtain, state medicine exists in only one country in the world, that is in Russia. I must apologize to the house for not being in a position to speak with any authority on what has happened or is happening in Russia. I am forced to consult the authorities which have been placed at my disposal in order to be able to give any information at all. Two books which have been written within comparatively recent times would seem to contain most of the information necessary for the purposes of this discussion. One was referred to this afternoon by the hon. member for St. Boniface (Mr. Howden), the title being Red Medicine. That book would appear to have been written from the capitalistic standpoint rather than from the standpoint of those who are at present in control of Russia. The title of the other book is Socialized Medicine in the Soviet Union, by Professor Sigerist of Johns Hopkins university. From a reading of that book I would conclude that the professor is rather sympathetic with the theories of those who are now governing soviet Russia. Without entering into any controversy on the matter, I think I have been able to obtain from these books, and from people who have visited Russia, certain information which may be of some interest to the house.

Looking at Russia and considering its medical background, I think we must admit that of all countries in the world, Russia provided the most ample room for experimentation. Strangely enough, it would appear that the first experiment in health insurance in Russia was carried on in 1866 through the municipal authorities or Zemstovo organizations. However, perhaps owing to the character of the government or the backward nature of the citizens of the country, very little progress was made. So much so, in 1890 there were only 26,000 hospital beds in all the Russian empire. In 1913 there were only 2,700 medical stations to serve a rural population of 80,000,000 people. In 1917 many districts with a population of more than forty thousand had no doctor at all. In 1914 it was reported in Russia that there were twelve million cases of infectious diseases reported, and an enormous number unreported. So there, if anywhere, was a fertile field for trying out some system or another of state medicine. I do not know that I can approve the method which was followed in putting state medicine into force, nor am I quite sure that I am willing to approve everything that has been done or the manner in which state medicine is being conducted in that country; but I think there is no doubt—and perhaps I say this with the threat of the padlock law hanging over me—that the health of the people must have been enormously improved by some of the measures which came into operation in Russia after the revolution.

Theoretically at least, and on paper, at the present time every citizen in Russia is entitled to free medical advice, treatment and hospitalization. He gets medical care and attention, sanitation, preventive medicine, sickness and accident insurance, and all cognate activities at the expense of the state. But I would imagine, from the information which I have had, that all of the districts of Russia are not as yet fully covered. Other information is to the effect that perhaps even in that country there is a feeling that to the political victors belong the spoils, and one would understand that there is a preference even in giving medical treatment to those who belong to the ruling party in the state; that if one does not happen to be a communist,

the medical care and attention are perhaps not so good as those which he would receive had he belonged to the party in control.

Mr. MAYBANK: Do they not all belong to one party?

Mr. POWER: No; apparently they do not. Apparently even within that country only a small minority of the inhabitants belong to the party in power. But they have gone about their institution of state medicine in a manner that will perhaps appeal to a great many of us. They have more than any other country institutionalized treatment. Domiciliary visits and care are almost done away with. Patients of all kinds and all classes are brought to the state clinics and the state dispensaries. Maternal care is given almost entirely in hospitals. Infectious and communicable diseases must be reported and hospitalized under very heavy penalties. Every effort is being made to bring those whose health is not absolutely perfect under the control of some institution or another. Doctors are all in the pay of the state, with perhaps the exception of those who look after foreigners visiting the country, and perhaps a few who are allowed to give consultations and receive fees. Hospitals are all free, with the exception perhaps of the abortoria, which are considered to be luxuries.

When the revolution broke out and it was decided to organize state medicine on its present basis, they proceeded by way of intensive propaganda among all classes of the state. They impressed the citizens of Russia with the idea that it was a patriotic duty to bring about cleanliness, sanitation and good health. Typhus was a foe to be combatted almost as much as the armed foes on the borders of the state. By means of this propaganda I think it can be established that a great deal was accomplished along the lines of sanitation, cleanliness and health. Lenin himself is reported to have said, "Either socialism will defeat the louse or the louse will defeat socialism." Apparently the louse was conquered.

Doctors are all on state wages. They are obliged to go to the section of the country to which they are ordered. If they do their work well, they may get an increase in salary, and if they do it badly, the least that can happen to them is that they will get a decrease in salary.

In bringing about these reforms they were faced with the problem of having very few doctors. A great many of them, on account possibly of their circumstances and perhaps of their political affiliations or sympathies, were either sent into exile or liquidated, so that when the commissariat of health was established in 1918, it was necessary to proceed to the formation of a corps of doctors. This was done by taking from among the ranks of the working men or their children those whom they considered best qualified to become physicians. They were trained in the state training colleges and universities, paid a wage during the time of their training, and sent out to do the work which could be allotted to them.

I think there is this to be said in favour of the system, that if it works—and it does on paper—it will certainly correct a condition which we have in this country, and which certainly requires some improvement. There will be a better distribution of medical men throughout the country. There can be no question that one of our difficulties from the standpoint of health is the almost impossibility of getting a young medical graduate to go out and establish himself in the remoter districts where the chances of obtaining a livelihood are difficult, but where he is sure of one thing, hard work, and very little return for it. The soviet union is endeavouring to correct such maladjustments as that. It is endeavouring to provide also for convalescence, and for nurses. It is endeavouring to bring to its people the realization that health is one of the most important things for it to look after.

I have laboured this Russian experiment because I imagine that is the goal which is being sought by all or most of those who are asking us to institute state medicine in this country. After all, if what we read to-day is all true, it would be an ideal kind of state medicine.

I forgot to mention a moment ago that the costs of their system of state medicine are taken not out of what would be equivalent in Russia to our consolidated revenue or out of any central fund, but out of the costs of industry, all industries, of course, being managed and operated by the state. It is simply that much more money added to the payroll; it works out that in each locality or each industry a certain amount is added to the cost of the operation of the industry, and that amount goes to pay the cost of state medicine. It is almost impossible, I believe, to get any exact figures; but Sir Arthur Newsholme and John Adams Kingsbury, who wrote the book entitled Red Medicine, figure it out at something like eighteen per cent of the cost of the payroll. Professor Sigerist, who wrote from a different viewpoint, figures it out at about six per cent of the cost.

Perhaps we should also take into some consideration the basis on which all this is founded. The basis, I should say, was a purely materialistic one, and hardly humanitarian. The soviet state wants to look after its citizens for the same reason in all probability as the owner of slaves on a southern plantation wished to look after his slaves—because he needed them to work for him. I do not say that with any intention of disparaging those who might wish to urge on us the adoption of that system; but I believe, in the light of what we have been able to ascertain, that humanitarianism is the last thing of which the leaders of the soviet state would wish to be accused. As a matter of fact Walter Duranty, a writer whom I was reading recently and who is, I believe, fairly sympathetic to communism, expresses the view that he is surprised that mental cases were not shot out of hand because they were no longer of any use to the state. Whatever may be the motive —and I merely give my opinion when I say that I do not believe it is humanitarian so much as materialistic—the fact is that there is one country in the world where there is state medicine.

I suppose that what we must next consider is whether state medicine as they have it in Russia could be adopted in this country. I doubt very much whether the people of Canada would stand for it, and I do not think the Minister of Health has the authority under the British North America Act to shoot the doctors in this country. I fear it would be impossible to establish any absolute and complete system of state medicine without first taking some steps to liquidate a great many members of the medical profession. I doubt whether the medical profession as such is in favour of such a system. As a matter of fact the Canadian Medical Association has strongly disapproved state medicine although, as I said at the beginning of my remarks, I believe it approved health insurance.

Now with regard to our people. We have some kind of state medicine here. We had during the war. When we were in the army we were looked after—personally I think some of us were very well looked after—by doctors employed and directed by the state; but I would ask almost any hon. member who served during the last war if he was satisfied with the medical treatment which was handed out to him by the medical officers. We have state medicine in another respect; we have it in the department which I administer, that of pensions. Every pensioner theoretically and legally can be looked after by the state for his pensionable disability and also for other disabilities which are not pensionable. I would hate to ask for a show of hands of hon. members to let me know whether any pensioner they ever met was satisfied with the treatment given him by the state doctor. Time after time hon. members have risen in the house to say that the doctor looking after the pensioner was incompetent; that he had maltreated the pensioner; yet these men were chosen at the beginning from persons who also had experience overseas and would be likely to have consideration for their comrades, and in later years they were chosen by the civil service commission.

My experience—and I give it for what it is worth—is that the very moment a medical man, in so far as pensions is concerned, becomes an employee of the state and is appointed by the state on a salary to look after the pensioners his usefulness disappears. Again and again men with good reputations, men who are known to be at the height of their profession, have joined the Department of Soldiers' Civil Reestablishment and the Department of Pensions, only to be told, when they gave any decision whatever which was not to the liking of the pensioner, that they were no longer any good and were paid by the government to prevent the pensioner from obtaining his just rights. So that, in my humble opinion, the people of this country themselves would not be satisfied with medicine directed, controlled and paid by the state.

The right hon. leader of the opposition (Mr. Bennett), dealing with a resolution which was not quite on all fours with this one but recommended that some form of state medicine be established in this country, said, in 1931:

> How many hon. members have considered the implications of that resolution? How many have considered its effect upon the existing provincial organizations, medical and otherwise? How many realize that it means the entire disbandment of the medical associations of the country of private practitioners, and the substitution therefor of the state as employer of all the medical men of Canada? How many have considered that? Yet that is what it means. . . . Are hon. gentlemen prepared to say yea to that? Do any of them desire to say yea?

On that occasion, after a somewhat prolonged discussion, the majority in the house voted against any form of state medicine. I have no difficulty in concluding that, if state medicine means what I think it does, if it comes within the definition which I have been told must be given to it, the house will not be ready to give support to the resolution. However, I desire to congratulate the mover of the resolution and to thank him for putting it before the house. We have

had a full, frank and free discussion of a number of matters related to state medicine. We have discussed health insurance, and I believe the people of the country and hon. members themselves have come to know that there is much more that can be done along the lines of improving the health of the people.

With respect to health insurance, already in three provinces of Canada there are health insurance schemes on the statute books. There is a very complete scheme in Alberta. There is another one in British Columbia. Neither of them has yet been brought into effect. In the discussion on this health insurance scheme of British Columbia the question of jurisdiction naturally came up, and Mr. Weir, Minister of Health of British Columbia, at the meeting of the provincial premiers held in Ottawa in 1935, stated:

> My opinion is that it would be a grave error for the dominion government by amendment to the British North America Act to relieve the province of the major responsibility in health matters. The true role of the federal government in the health field, it seems to me, is to supply leadership, to assist in the promotion of significant health movements. . . . Under section 92 of the British North America Act public health and health insurance fall within the jurisdiction of the provincial legislatures and it is essential that they should remain so.

With respect to the other provinces, my friend and leader, the hon. Minister of Justice (Mr. Lapointe), has dared to suggest to certain provinces that we might, with the assent of the provinces, add two words to the powers conferred upon the federal government by the British North America Act, and he has met with such a storm of revilement and abuse, in one province at any rate, that I fear that were I to ask that province to add two more words, "health insurance," I would be submitted to the tortures of the rack and the boot, and perhaps eventually boiled in oil. In any case, I personally have some respect for the political views which I acquired in early youth. My earliest impressions of politics were the campaigns of Laurier and Mercier, who were provincial right-ers. They believed in provincial rights, though it is only fair to state that a great many of those who are in favour of provincial rights to-day are not composed of those elements of the population that favoured Sir Wilfrid Laurier in 1896.

I doubt very much whether at the present time it would be possible to get the assent of the provinces to the proposal that health insurance should be completely turned over to the federal government. As I have shown, British Columbia is opposed to it, having a health insurance scheme of its own. Alberta would be opposed to it, because it has a health insurance scheme of its own. But there is no doubt whatever that there is need for better medical facilities in Canada. We have boasted and we shall probably continue to boast of our advance in medical research and medical science; but it is all too true to state that only eighteen years ago, in 1918, 30,000 Canadians lost their lives in the influenza epidemic, and only last year between 5,000 and 6,000 people in one province alone were attacked by infantile paralysis.

Too many lives are lost in childbirth; too many children and mothers die; and irrespective of jurisdiction, provincial or federal, too many people are dying of the degenerative diseases of middle age. We have not as yet been able to find a cure for cancer, or even the cause of it; and tuberculosis, though it has been controlled to some extent, is still a menace within our borders. Mental diseases require a great deal of care and involve a tremendous expense to a large section of the population. Venereal disease, though something has been done in that direction, is far from being under control at the present time. The cost of sickness is altogether too great; the cost of prevention and cure under the present ill-adjusted system is altogether beyond reason.

In a country like ours, with a climate such as we have, the most equable climate in the world; with a people sprung from the sturdiest stocks in Europe; with scientists at least as learned as those in any other country; with universities producing young men who are capable of leaving Canada and holding high positions throughout the world—with all these advantages we can achieve a great deal. But I believe that we can achieve it less by regimentation as it exists in some other countries than by coordination of our people in the way of science and by coordination of the work of the universities and of government. I believe we can succeed less by coercion and more by cooperation among all those bodies, municipal, provincial and federal who wish to bend their energies towards the task of making this a better and a healthier nation. The federal Department of Health is ready and willing to do its share.

Mr. J. A. MARSHALL (Camrose): I find it rather difficult to follow immediately the Minister of Health (Mr. Power) because he has dealt effectively with this resolution from the standpoint of the government. I believe I am safe in saying that the policy of the government will not deviate very much from the path which it is following at the present time; nevertheless I want to emphasize

the fact that hospitalization and medical services are problems which at the moment are pressing very heavily upon municipalities.

I congratulate the mover and seconder of the resolution on the splendid manner in which they have presented the case for state medicine. It seems to me that there are to-day some Liberals who are becoming more socialistic than the socialists, but I realize that the mover of the resolution (Mr. McIvor) has been actuated by the very highest motives, because he has come in contact with cases of suffering which require medical attention, and, very often, hospitalization.

There is one very good virtue about the resolution, and that is its brevity; it is short and to the point. There is no preamble which would perhaps confuse rather than clarify the motion itself. It states in the briefest of terms that state medicine be established in the Dominion of Canada. I hope the hon. member for Fort William will not feel disappointed when I say that I am not prepared at present to support this resolution. Not long ago the hon. member for Huron North (Mr. Deachman) said we should all seek for the truth. I say in all sincerity that I am seeking for the truth in this matter. I have wrestled with this problem for many years, but I am not yet convinced that state medicine is the solution. If, however, the hon. member can convince me that we can bring hospitalization and medical services to the people of this country without increasing taxation, I am prepared to study the matter from that angle.

There are many questions which one might ask himself in connection with a problem such as this. Would state medicine tend towards greater benefits to the people of Canada? Could a form of state medicine be worked out that would be satisfactory to all the people of Canada? Should we have state medicine for all or for part only of our people; and, if only for part, where should the line be drawn? What is wrong with the present system that we should change it? Finally, would state medicine mean political control, with all the evil influences attached thereto?

Opinions enunciated here this afternoon and evening have not convinced me that state medicine is the solution of the problem. The study of the question of affording proper medical care to our people has occupied my attention for many years. They say that fools rush in where angels fear to tread; I am not a doctor, but I have had a great deal to do with matters of this sort as a municipal secretary in one of the rural sections of Alberta. For years it has been my pleasure and privilege to serve a council which is second to none in its earnestness and sincerity of purpose in grappling with this problem. I have seen good men give up on account of the strain involved, because the problem of hospitalization and medical care is becoming greater and more difficult as time goes by.

While my remarks deal entirely with a rural municipality, they can be applied with equal force as well to urban municipalities in Alberta, Saskatchewan and Manitoba. Ten or twelve years ago we were worried very little with hospital and doctors' bills. In those days the taxpayers had the money to take care of these social services. Then came the years when farmers had poor crops, and prices for what they produced were low. They found themselves able perhaps to pay the interest on their mortgages and hold back sufficient to keep their wives and families during the winter, but few if any kept enough back to provide for medical attention or hospital bills. So the demands on the municipalities became more frequent and persistent. On many occasions I have found myself in the unhappy position of having to decide whether hospitalization of a man or woman or child was of greater or less importance than a decrease in the mill rate. Time after time I have held out the hope that taxation could be reduced, only to find that hospital bills and doctors' bills came in faster than taxes. I have known municipal councils to grapple with this problem for days on end, only to be driven to the inevitable conclusion that if they were to meet these demands, an increase in taxation could not be avoided.

I wonder how many hon. members know what it means to have the responsibility of refusing or granting hospitalization to a suffering human being. If more of us had some of this practical experience, we would be more apt to find a solution of a problem which is bearing very heavily indeed upon the municipalities. I would suggest that hon. members take time this coming summer to visit the municipal offices not only in their own immediate vicinity but in distant parts of the dominion, drop in to the council meetings and listen as the councillors discuss these problems. I think we would come back to the house at its next session determined to deal effectively with this problem. We would tell this government to hasten on with their program.

But with all this experience behind me, I say that I am not yet sure that state medicine is the cure. It was my experience in grappling with these problems in a municipal office that caused me to renounce my

allegiance to the Liberal party and join the ranks of those who believe that a solution can be found only through the new economics.

I am told state medicine was introduced into Germany around 1883, yet only forty or forty-five per cent of the people of that country are covered. I am informed, further, that state medicine was introduced into England in 1911; yet only thirty-five per cent of the people of that country are covered.

Many people are asking this question: Should we have state medicine on a contributory basis? I think we should ask ourselves the question as to how such a scheme would work. In a scheme of this kind I believe there would be three parties to the contract, namely the employer, the employee and the state. The employer would contribute his apportionment to a fund. Naturally, he would not take it out of his own pocket; it would come from the funds of the firm or corporation, and it would be reflected in an increase in the price of goods.

The employee would contribute his portion from the pay envelope he would receive either every week or every month. That would mean a reduction in the purchasing power of the consuming public, and there would be a further spread between prices and purchasing power. The state, as the third party to the contract, would contribute its share. No doubt the money of the state would be borrowed from a financial institution and the money thus borrowed would have to be repaid with interest. The state, in turn, would tax that back from the individuals, both employer and employee, and we would again have a further increase in prices and a further decrease in purchasing power.

If that is what a proposal of this nature means, then I must say I am emphatically opposed to it.

Mr. DOUGLAS (Weyburn): Would not the money collected go out in wages and doctor bills?

Mr. MARSHALL: Part of it would. Finally, I think the Minister of Pensions and National Health (Mr. Power) hinted during his observations that this is more or less a matter for the consideration of the provinces. A week ago I would have agreed with him, but to-day I am not so sure of the matter, in view of the decisions handed down by the Supreme Court of Canada in connection with the legislation passed by the Alberta legislature. I am just wondering what powers a provincial government actually has. I thought for a time that a legislature elected by a majority of the people in a province was supreme; now I am not so sure that that is so.

As has been shown in the house this afternoon and this evening, the medical profession are not agreed as to whether or not socialized medicine is a cure. Not long ago in the senate of the United States the Hon. J. Parnell Thomas said this:

> Those advocating socialized medicine and similar reforms always soft-pedal the little matter of where the money is coming from. The people are led to believe in such catch phrases as "costs could be distributed according to the ability to pay" or the cruder version of the same idea, "soak the rich." Schemes for soaking the rich invariably end in soaking the poor. So if the American people want to accept socialized medicine, let them do so with their eyes open.

Then he continues:

> You ask: Can anything be done to make the purchase of medical care easier for the people? Yes, there is much that can be done of a fundamental and practical nature. As you have already seen, when the American people are bothered by their medical bills it is because they are bills and not because they are medical. In other words, the same people are bothered by meeting grocery bills, rent bills, and all other bills.

And I want particularly to draw the attention of the house to this last sentence:

> The real solution of the problem would be to help these people pay their own bills, not tax others to do it for them.

I do not believe anyone has any right to rise in his place in this chamber and condemn any proposal without suggesting a remedy. Do not misunderstand me; I am heartily in favour of bringing to our people the best medical care, attention and hospitalization we can possibly give them, but it is the method by which this objective is proposed to be attained with which I am not in accord.

Under present economic conditions there is no other way with which I am familiar to bring these services to the people, than by the method of taxation. Taxes being at their peak, as they are to-day, it would seem quite impossible and inadvisable to consider taxing for this purpose.

Under the proposals of the Social Credit party the problem assumes a different aspect. As the Prime Minister (Mr. Mackenzie King) has said, we should take control of our currency and credit, and use it in terms of public need. I understand this parliament now has control of currency and credit, and I therefore believe that we should use it in terms of public need. The public need in this instance is hospitalization and medical services. Issue national money, and distribute it to the people in the form of national dividends. I know some hon. members will

smile at that suggestion; but if they will read the report of the commission set up to consider veterans' problems they will find that that board advocated a provisional economic allowance. What is the difference between a provisional economic allowance and a dividend? If we issued a national dividend or a provisional economic allowance to all the people of this country, I feel quite sure that we would not have to worry as to whether or not we should regiment the medical profession. It would seem to me the wrong way to tackle this problem would be to regiment the men and women engaged in one of the loftiest professions of the day. We should consider this matter very seriously and endeavour to find a solution at this session of parliament.

Mr. J. J. McCANN (Renfrew South): Mr. Speaker, as the debate has covered the subject of the resolution so thoroughly, it is not my intention to make any extended remarks, but I merely want to put on record my position with reference to the subject matter of the resolution and to attempt to convey to the house and to the public the attitude which organized medicine takes. The resolution reads:

That, in the opinion of this house, it is most urgent that state medicine be established in the Dominion of Canada.

The discussion to-day has covered the whole practice and history of medicine. The hon. member for Fort William (Mr. McIvor) who introduced the resolution gave as one of his arguments that he would like to have the medical profession relieved of the temptations which beset it in the practice of medicine. The solution he offered was state medicine. However, I feel that he could deal more effectively with temptations by following his own profession, rather than by working through the medical profession.

Some of the arguments advanced to-day have been to some extent convincing, but most of them have convinced me that state medicine is not a solution for our economic and medical problems. It is rather hard to understand the logic of some hon. gentlemen who have taken part in this debate. The hon. member for Winnipeg South Centre (Mr. Woodsworth) is quite prepared to have this country assume an obligation of $250,000,000 in order to introduce this system, and yet, if I remember correctly, he is not in favour of an increase of fifty cents in the cost of radio licences. I cannot understand that logic at all. We are living in an age of progress. Everyone is conversant with the advance that has been made in the last twenty-five years. Great progress has been made in transportation by air and by highway. Motor cars have been introduced, and things have been speeded up to the point where distance has been almost annihilated. We have also seen the introduction of the radio, one of the greatest mediums for the education of the public.

I wonder if people are as thoroughly conversant with the great progress which has been made in medical science? Despite the fact that we have had the greatest war of all time; despite the fact that we have gone through the greatest epidemic ever known; despite the fact that we have faced the greatest depression which has probably been known, in the last twenty-five years medical science has made greater progress than even industrial science.

During the past fifty years medical science made more progress than it had in the 500 years previous. Reference was made this afternoon to many of the lines along which this particular advance has been made. It would be interesting, if time permitted, to go back over the history of modern medicine, but it is not my intention to do so. I want to enumerate only a few of the particular lines along which this progress has been made. If we go back to the time of Jenner, the English physician who was responsible for the introduction of vaccination against smallpox, we must realize that by the application of that one method of treatment more lives have been saved than have been taken in all the wars from that time to this, or in those previously. The method of Jenner was to inoculate people in order to stimulate their own systems so that they would be protected against smallpox. His suggestion met with opposition; but finally his opinion and teachings prevailed and now smallpox, a scourge that cleaned out nations at one time, is practically an unknown quantity. Other physicians, following along the lines of reasoning initiated by Jenner, have been able practically to eliminate diphtheria, typhoid fever and other diseases by inoculation. During the South African war more soldiers on both sides died from typhoid fever than from bullet wounds, but in the great war the incidence of that disease was reduced to the absolute minimum.

I wonder if people realize that there are yet many diseases which have not been conquered, for instance, cancer, diabetes, nephritis and heart disease? Seventy-five years ago ninety per cent of all deaths were caused by acute infections, but to-day seventy-five per cent of all disease is due to chronic ailments. To my mind the advantages of modern medicine are not being extended to enough of the people. Our great task is to provide a system whereby these benefits will be made available

to the great bulk of the people. The medical profession may well be said to be fifty years in advance of the people's willingness and ability to accept modern medicine. The barrier that exists in this regard is the economic one. What is the solution of the people's difficulties and disabilities? Is it by commandeering the medical profession and introducing state medicine? Surely not. Medicine is not a trade. Medicine is a science and an art. I wonder what would be the result in this or any other country outside Russia, where they have state medicine, if the state were to commandeer the services of lawyers, for instance, or of the members of any other profession. The answer is not hard to find. There would be a furore against any such action, and if that is the case, why start in on the doctors?

State medicine has been tried and is working in only one state in the world, namely Russia. We have nothing on record to show that it is any great success in that country. Great leaders in medicine do not come from the Russian empire. There is no name which comes out of Russia to the public of any member of their medical profession other than that of Metchnikoff.

I submit that the introduction of state medicine in this country would destroy the initiative of the men in the medical profession, and what has made for great success in other lines of initiative tends to do so also in the medical profession. It is the competitive factor which has brought about the advances which we have made in other fields. It is because of the competition that there is between men of science that we have the greatest advances in science, and the greatest progress is made in those countries in which the competitive factor works freely. Someone or another has said that if a man can make a better mouse-trap than his neighbour, the public will beat a well-trodden path to his door, and that is as true in medicine as it is in any other line. The medical man who is a good clinician, a good diagnostician, and who has a good lot of common sense which he wishes to use, founded upon a basic knowledge of the principles and practice of medicine, is the man who will make the successful practitioner.

I am unalterably opposed, from my own reading and from anything I have heard here to-day, to supporting or voting for state medicine. But the subject of health insurance has been discussed. Health insurance, within certain limits, might be applicable in Canada. It is not new even in this country. It has been enacted in British Columbia. It has been taken up in Alberta, and there is on the statute books of that province a Health Act which would bring about state health insurance, but it has not yet been put into effect because Mr. Aberhart feels that he has not the money to carry it on. I read in the Financial Post a week ago that he had made the statement that if social credit went into effect in that province, with the $25 that each individual would get, they would be able to pay for their own medical and hospital expenses, and it would not be necessary to put the health insurance measure into effect.

I submit, Mr. Speaker, that the Canadian people have already passed judgment on health insurance. The right hon. leader of the opposition (Mr. Bennett), when he was Prime Minister of this country, introduced in 1935 the Employment and Social Insurance Act. Part IV of that act made provisions under the heading of National Health. As I understand it, the proposal was to set up a commission, whose powers under Part IV were to be exercised:

> —so far as may be found practicable and expedient, in cooperation with any department or departments of the government of Canada, with the dominion council of health, with any province or any number of provinces collectively, or with any municipality or any number of municipalities collectively, or with associations or corporations.

It was to be the duty of the commission to collect information and data, and to analyse and make the information available to any province, municipality or corporation, and it was also to examine and report on any national health scheme proposed to be put into effect.

The people of Canada in the election of 1935, although perhaps this particular policy or plank of the Conservative platform at that time may not have been brought prominently to their attention, were at all events not sufficiently enamoured of it to return that party to power in order that they might put that scheme into effect. Since this and other legislation passed at that time were put upon the statute books, they have been referred to both the Supreme Court of Canada and the privy council, and have been declared ultra vires. The hon. Minister of Pensions and National Health (Mr. Power) in his remarks this evening would lead me at least to believe that probably those judgments would bar public health and health services from coming under the jurisdiction of the federal department. I just want to point out to him what Mr. Justice Kerwin, of the Supreme Court of Canada,

said in giving his opinion on Part IV of the Employment and Social Insurance Act, which dealt with national health:

The sections included in part IV enact that the duties and powers of the commission under that part shall be exercised so far as may be found practicable and expedient in cooperation with any department or departments of the government of Canada.

He goes on to say:

By themselves the provisions of part II—

Which had to do with unemployment service:

—and of certain portions of parts IV and V might be unobjectionable, but in my opinion they are so inextricably interwoven with the powers of the commission set up under part I and with the scheme of unemployment insurance referred to in part III that they must stand or fall according to the validity or otherwise of sections 15 to 38.

The whole thing was thrown out on that ground. The decision given by the privy council was somewhat along the same line. Their Lordships say:

In the present case their Lordships agree with the majority of the supreme court in holding that in pith and substance this act is an insurance act affecting the civil rights of employers and employed in each province, and as such is invalid. The other parts of the act—

That would include part IV, which had to do with national health:

—are so inextricably mixed up with the insurance provisions of part III that it is impossible to sever them. It seems obvious also that in its truncated form, apart from part III, the act would never have come into existence. It follows that the whole act must be pronounced ultra vires.

From that I would gather that national health or any act with reference to national health, which the federal parliament might put into effect, of itself and standing on its own feet, might be within federal jurisdiction. After all, Mr. Speaker, health is a national problem, and the problem of health in British Columbia does not differ one iota from the health problem of Nova Scotia, nor does the health problem of Quebec differ from that of Ontario. Tuberculosis is one and the same disease whether it is in Nova Scotia or British Columbia. Silicosis is the same disease whether it is in Quebec or Ontario. National health knows no boundaries. The same problems occur from one end of the country to the other. Organized medicine has not taken a stand definitely with reference to health insurance or to state medicine. A majority of doctors is opposed to state medicine under its strict definition. It would mean that doctors would be controlled and paid by the state. On the other hand health insurance would be a system whereby people in times of good health would budget for times when they were ill.

The Canadian Medical Association, which represents organized medicine in this country, made an illuminating submission before the royal commission on dominion-provincial relations. They gave a history of the medical profession from the time of confederation to date. They outlined the progress which has been made during that time. They pointed out, very fittingly, that when this country became a confederated state, what we know as public health was wholly unknown, was not so much as mentioned in the British North America Act; that we have at this time problems which were not then thought of and for which, consequently, no provision was made; and they submitted to the Rowell commission that due consideration should be given to meeting the problems of public health as they exist to-day. I shall not take up further time, as I understand some others wish to say something with reference to this matter. I merely want to put on record the opinion of the Canadian Medical Association with reference to health insurance. Very briefly it is this, that before any policy of health insurance is put into effect in Canada, the matter should be studied by a committee or a commission who would go into all the avenues of the subject, and that the medical profession would be very glad to cooperate and to give them the advantage of an intensive study which they have made.

Their stand with reference to health insurance may be summarized as this: that they have not authorized an expression either in favour of or opposed to the institution of health insurance in Canada. They are also of opinion that before health insurance is applied in any part of the dominion, a survey as recommended by the Minister of Pensions and National Health for Canada in 1935 and approved by a conference of ministers of health from the several provinces should be carried out. That represents the views of organized medicine in Canada, and I put on the record that I am opposed to state medicine, and would be in favour of health insurance only after a complete examination of that problem.

Mr. C. J. VENIOT (Gloucester): May I congratulate the Minister of Pensions and National Health (Mr. Power), who is not a medical man, upon having made such an able presentation of the case for the department he so well represents; upon having clarified,

for the benefit of the house, the difference between two distinct terms, state medicine and state health insurance; and upon the world-embracing review which he gave of legislation on the subjects of health insurance and state medicine.

I was happy also to note that, in the various addresses presented here to-day, no criticism was offered against the ability or the honesty or the devotion of the medical profession in giving medical services to this country. The demand for health insurance does not arise out of any conflict between the medical profession and the public. The public desires to secure highgrade medical service and is quite willing to pay for such service. On the other hand the medical profession is eager to supply such service, but in return it expects a reasonable remuneration and satisfactory conditions under which to work and to live. It is because the public as a whole have confidence in the ability of the profession and recognized the profession's devotion to human welfare, that the majority of the public will accept leadership from the organized medical profession in devising ways and means of remedying the present situation concerning medical services.

The discussion of a subject of such importance as health insurance calls for placing before the house certain facts and considerations which have a serious bearing on the question and thus providing a proper orientation to any legislation which aims at supplying complete medical service to all the people of Canada. The Canadian Medical Association undertook to formulate such a plan as early as 1930. May I say briefly what the Canadian Medical Association is and means to the country?

In round figures there are 10,000 registered medical practitioners in Canada. They are grouped into various provincial medical societies, and these societies in practically every province are recognized as branches or divisions of the association. The business of the C.M.A., to use the abbreviation term of the Canadian Medical Association, is conducted through a council of approximately 120 representatives sent as delegates from the various provincial medical societies. These delegates in turn elect seventeen members to form the executive committee of the Canadian Medical Association, which carries on the affairs of the association during the year. The Canadian Medical Association meets once a year, generally in June, in annual session. The association as a body therefore represents and speaks for the medical profession of Canada; it is authorized to do so. One article of its constitution and by-laws includes the following two items: first, the promotion of public health; second, the endeavour to assist in the advancement of medical legislation for the good of the public and the profession. Under these objects it would be fair to assume that the association is committed to engage itself actively in the consideration of plans whereby the state of the public health may be improved, also to consider ways and means of raising the standards and increasing the efficiency of medical practice in the common interest of the medical profession and of the public.

For this reason, namely, to improve the status of medical practice in Canada and to give better medical services, since 1930 the Canadian Medical Association has been making a thorough study of the question of health insurance. To that end, a committee was charged with the task of making a complete survey of health insurance in every country in the world as well as a complete study of all literature available on the subject. The committee on economics of the Canadian Medical Association was enlarged by a number of medical practitioners, the number being brought up to twenty-seven, with representation from every province in Canada. To implement and render more efficient the task which it imposed upon itself, it went as far as to send its general secretary to Europe to get first hand information on the question of health insurance as it is carried on in various countries which have adopted the system. The report of the secretary will be presented at the coming annual meeting of the Canadian Medical Association.

Prior to that, in 1934, this committee on economics, charged with the special study of health insurance, presented a voluminous report of about forty pages, and my task to-night will be to endeavour to give the house, as briefly as possible at this advanced hour, a synopsis of the basic principles adopted by the committee on health insurance and approved by the Canadian Medical Association. With this object in view I shall quote extracts from the report in order to cover the ground as rapidly as possible, and in doing so I speak with the knowledge acquired as one of the members of the study committee of the Canadian Medical Association, who have been investigating health insurance since 1930. After reviewing legislation and literature, the report makes the following general observations:

> In reviewing the causes which lead to a demand for health insurance, our committee recognized that there exists among the public considerable dissatisfaction with regard to the methods of medical practice. The expression of this dissatisfaction does not imply any

criticism of medicine or of the medical profession. Indeed it is the very contrary, because the dissatisfaction grows out of an appreciation of medicine and a desire to profit more fully by what medicine has to offer for the benefit of mankind.

The real problem arises out of the inability to pay for such medical services as are required. . . .

It would appear that the problem grows out of the following conditions:

1. A change in our social organization under which the state has assumed increasing responsibility for the welfare of the citizens, as evidenced by legislation covering old age pensions, mothers' allowances, workmen's compensation, and so forth.

2. The present individualistic system of medical practice is of long standing. It has not adjusted itself to the present social organization in which the majority are wage-earners with no resources beyond their weekly earnings.

3. Medical facilities are not fairly distributed, and so some areas are deprived of essential medical services because the population of these areas is not sufficient to support the required medical services.

4. The wage-earning population are often unable to pay ordinary fees, and are certainly not in a position to meet the costs of a long or serious illness. The wage-earner usually loses his wages when he is ill, at the very time when expenses are increased and the necessity continues for providing maintenance for his family.

5. Medical care becomes a luxury rather than a necessity when the income provides only sufficient for food, shelter and clothing.

6. The medical profession is expected to furnish medical care for the indigent—a state responsibility—without remuneration.

7. Because of the cost of medical care, there is delay in securing care and a great deal of self-medication.

8. Modern medicine is inevitably more costly, as seen in the development of hospitalization and specialist services.

9. Modern medicine demands, in a percentage of cases, that consultant, hospital and other facilities be available if the patient is to receive the care required. This implies an actual correlation of existing services and making these services available to the patient through the family physician.

Our report is divided into three sections. The first reviews all health insurance legislation of other countries as well as all the literature that was available to us. Part II reviews the health legislation situation in Canada, and part III explains the Canadian Medical Association's plans for state health insurance in Canada. Here we are concerned chiefly with part II and part III. Part II reviews, first, the practise of medicine in Canada, its legal set-up and its development along individualistic lines; and, second, medical care as applied to the three groups of individuals who make up our population—the indigents, the middle class, and the well-to-do.

[Mr. Veniot.]

In supplying medical care to all three of these classes there are considerable deficiencies and shortcomings under the present system of medical practice. The medical care of the indigent is a distinct provincial or municipal responsibility as established by the British North America Act.

All provinces have made some provision for the medical care of this group of the population. Unfortunately, in general, the care of indigents in their own homes is left to the medical profession, although in some places a physician is paid out of public funds to give such care. When hospital care is required, a per capita per diem allowance is usually paid to the institution caring for the patient; but no fee is paid to the physician, it being argued by some that the physician receives his reward through his hospital appointment. The medical profession is proud of its record of gratuitous service to those who are in need. The members of the profession in general are willing to give a certain amount of free service. Nevertheless, there is a general feeling that the profession is being exploited, and that governments are meeting their responsibilities for the care of the indigent at the expense of the medical profession. Free service should be entirely voluntary; but to assume that the medical profession will contribute one of the necessities of life, for the provision of which the state is responsible, is unsound in every way. It is interesting to note that physicians are not allowed to deduct from their taxable incomes, under the heading of contributions to charity, a sum equal to their free service.

In this connection, on the question of the treatment of indigents, may I add the following remarks. In New Brunswick there are 265 registered practitioners, or, to use round figures, let us say 250. In normal times there is not one physician in the province who each year does not perform at least $1,000 worth of medical work for which no entries are ever made in his books. That means a quarter of a million dollars' worth of free services given each year in ordinary times. During the time of the depression there was not one physician in the province who did not contribute at least $3,000 worth of services to the people of New Brunswick, meaning a contribution of three quarters of a million dollars for New Brunswick alone, the smallest but one of the provinces. If we take the 10,000 registered practitioners in Canada, and allow that $2,000 was the minimum amount of free service which each contributed to the country every year during the depression period, it amounts to $20,000,000 each year,

and in the seven years of the depression it attains the enormous sum of about $150,000,000 or approximately one-quarter of the entire amount spent by the federal, provincial and municipal governments to provide assistance to the unemployed.

Our committee has figures from the various provinces showing clearly that in ordinary times, outside contributions to hospitalization costs, provincial and municipal governments have not, in general, recognized their responsibility for the provision of medical care for the indigent. Furthermore it is regrettable to note that the federal government does not regard medical care as one of the necessities of life, otherwise medical care would have been provided for in the unemployment relief legislation, together with food, clothing and shelter.

I see, Mr. Speaker, that the hour of closing rapidly approaches, so I shall be obliged to pass over many of the considerations which I wished to present to the house. However, I should like to place on record a series of resolutions adopted by the Canadian Medical Association showing what it considers the fundamental principles necessary to be recognized in any scheme of health legislation which might be enacted in Canada. These are as follows:

1. That in the provinces where health insurance is established it be administered under an independent health insurance commission, and that there should be close cooperation between this commission and the provincial Department of Public Health with a view to making full use of preventive services.

2. That a central health insurance board and local insurance boards be appointed, representative of all interested, to advise the responsible administrative authority.

3. That the professional side of health insurance medical service be the responsibility of the organized medical profession through the appointment of a central medical services committee and local medical services committees to consider and advise on all questions affecting the administration of the medical benefit.

4. That the question of the establishment of local areas for health insurance administration be left to the decision of the individual provinces.

5. That the whole province be served by adequate departments of public health, organized on the basis of provision of individual health supervision by the health insurance general practitioner.

6. That there be a health insurance fund, and that regional officers to act as supervisors and referees be appointed, paid and controlled by the central board or commission.

7. That medical care for indigents be provided under the plan, the government to pay the premiums of the indigent, who then receive medical care under exactly the same conditions as the insured person.

8. That the plan be compulsory for persons having an annual income below a level which upon investigation by competent local authorities proves to be insufficient to meet the costs of adequate medical care.

9. That the dependents of insured persons be eligible for the medical benefits.

10. That there be offered, on a voluntary basis, to those with incomes above the health insurance level, hospital care insurance, and that this be administered as part of the health insurance plan, such hospital care not to include medical service other than hospitalization.

11. That the only benefit under the plan be the medical benefit.

12. That the medical benefits be organized as follows—

(a) Every qualified licensed medical practitioner to be eligible to practise under the plan.

(b) The insured person to have freedom of choice of medical practitioner and vice versa.

(c) The medical service to be based upon making available to all a general practitioner service for health supervision and the treatment of disease.

(d) Additional services to be secured ordinarily through the medical practitioner.

(1) (a) Specialist medical service.
(b) Consultant medical service.
(2) Visiting-nurse service (in the home).
(3) Hospital care.
(4) Auxiliary services—usually in hospital.
(5) Pharmaceutical service.

(e) Dental service, arranged direct with dentist or upon reference.

13. That the insurance fund should receive contributions from the insured, the employer of the insured and the government.

(a) Payment of the premium of the insured in certain proportions to be determined, should be made by the employee, employer and government.

(b) Where an insured person has not an employer or where it is not practical for the government to collect from the employer the government should pay in for that insured person what would be the employer's share as well as its own share of the premium.

(c) Where the insured is "indigent" or has been out of work long enough to come without the scope of the provisions of the act as relating to an insured employee the government should assume payment of the full premium.

14. That the medical practitioner of each province be remunerated according to the method or methods of payment which they select.

15. (a) That the schedule of fees in any health insurance scheme shall be the schedule of fees accepted by the organized profession in the province concerned.

(b) That all schedules of fees be under complete control of the organized medical profession in each province.

16. That the contract-salary service be limited to areas with a population insufficient to maintain a general practitioner in the area without additional support from the insurance fund.

17. That no economic barrier be imposed between doctor and patient.

18. That the volume of work demanded from and the remuneration to members of the various professions be such as to assure a standard of service equal to or better than present-day standards.

May I conclude with a summing-up as follows.

For the last ten years there has been a growing demand in certain sections of Canada for some form of health insurance.

Conscious of this trend of thought the Canadian Medical Association made a thorough, world-embracing investigation of health insurance.

With this study as a foundation it has formulated definite plans for health insurance, acceptable to both the general public and the medical profession.

The Canadian Medical Association does not at the present time voice an opinion either in favour of or adverse to health insurance.

The Canadian Medical Association is strenuously opposed to any form of state medicine which would tend to regiment or draft members of the medical profession into the ranks of state servants, controlled and salaried by the state, thus destroying the personal relation between doctor and patient.

The medical profession demands that it be relieved of the burden of gratuitously supplying medical services to the great majority of Canada's indigent and unemployed.

The Canadian Medical Association advocates the broadening of the federal health department's field of activities along the lines suggested at the 1935 meeting of the dominion health council.

The Canadian Medical Association recommends that before any form of health insurance is enacted by any legislative body, a royal commission be appointed to examine the whole question of health activities and medical services in Canada.

Mr. McIVOR: Mr. Speaker—

Mr. SPEAKER: I draw the attention of the hon. member to the fact that if he speaks now he closes the debate.

Mr. McIVOR: I wish to withdraw the resolution.

Mr. SPEAKER: Is it the wish of the house that the hon. member have leave to withdraw the resolution?

Some hon. MEMBERS: No.

Mr. DUNNING: In view of the absence of unanimous consent there is only one alternative, that is to call it eleven o'clock.

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

[Mr. Veniot.]

Tuesday, March 8, 1938

The house met at three o'clock.

STANDING COMMITTEES

RAILWAYS AND SHIPPING—AGRICULTURE AND COLONIZATION—CHANGES IN PERSONNEL

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

That the name of Mr. Ross (Middlesex East) be substituted for that of Mr. Deachman on the standing committee on railways and shipping.

That the name of Mr. Rickard be substituted for that of Mr. Ross (Middlesex East) on the standing committee on agriculture and colonization.

Motions agreed to.

CIVIL SERVICE

SPECIAL COMMITTEE TO INQUIRE INTO OPERATION OF CIVIL SERVICE ACT—FIRST REPORT CONCURRED IN

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata) moved that the first report of the special committee appointed to inquire into the operations of the Civil Service Act be concurred in.

He said: It has been agreed that the evidence and not the discussion will be printed in connection with this committee, and therefore I move the adoption of the first report.

Hon. CHARLES A. DUNNING (Minister of Finance): I concur entirely in the proposal of the chairman of the committee, but this affords an opportunity to say that there is a rule of the house with respect to the printing of evidence given in committees. On examination I find that this arrangement will not constitute a discrimination against this particular committee, because it is in fact a rule that only the evidence shall be taken and printed. I say this for the guidance of other committee chairmen who may have the same difficulty.

Mr. POULIOT: The last report of the committee on banking and commerce contained two pages of discussion.

Mr. DUNNING: They should not have been included. It is hard to keep the rule.

Motion agreed to.

APPOINTMENT OF SPECIAL COMMITTEE TO INQUIRE INTO TERMS AND OPERATION OF SUPERANNUATION ACT

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

That a select special committee of the house consisting of Messrs. Anderson, Baker, Blan-

chette, Bradette, Davidson, Dunning, Francœur, Hansell, Heaps, Hill, Lockhart, McCann, McLean (Melfort), Mallette, Mutch, Pottier and Wood be appointed to inquire into the terms and operation of the Civil Service Superannuation Act, and all matters pertaining thereto, with power to call for persons, papers and records, to examine witnesses under oath, and to report from time to time.

Motion agreed to.

ROYAL CANADIAN MOUNTED POLICE

SERVICE IN PERMANENT MILITARY AND AIR FORCE TO BE INCLUDED FOR PENSION PURPOSES

Hon. CHARLES A. DUNNING (Minister of Finance—for the Minister of Justice) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to amend the Royal Canadian Mounted Police Act to provide that time served in the permanent naval, military and air forces of Canada may be included in the term of service of an officer or a constable for pension purposes; and to restrict the application of the act in respect to members of the reserve.

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

Motion agreed to.

BRITISH COLUMBIA AND YUKON

INQUIRY AS TO FURTHER CORRESPONDENCE

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): I should like to ask a question of the Minister of Mines and Resources (Mr. Crerar). The other day he brought down a return of correspondence asked for by the hon. member for the Yukon (Mrs. Black). That return consisted of correspondence from April 1, 1937, but the file shows that there are other letters which have not been brought down. Would the minister mind bringing down the correspondence, say, back to April 1, 1936? It will be necessary to make the thing clear.

Hon. T. A. CRERAR (Minister of Mines and Resources): There is no objection to that; it can be brought down.

OLD AGE PENSIONS

INQUIRY WITH RESPECT TO INFORMATION FURNISHED TO MUNICIPALITIES BY BUREAU OF STATISTICS

On the orders of the day:

Mr. N. J. M. LOCKHART (Lincoln): Before the orders of the day are called I should like to direct a matter to the attention of the Minister of Trade and Commerce (Mr. Euler). In explanation of the question which I intend to ask, may I say that it has come to my attention that not only my own municipality but others are finding difficulty in getting statistical returns from the bureau of statistics in connection with applications for old age and blind pensions. I have in my hand requests for information that go back as far as January 13. I am advised that this delay is probably due to lack of temporary assistance to take care of the unusual amount of work pertaining to blind pensions and other matters. Would the minister be good enough to check up on this situation and consider the providing of temporary assistance in the department to ensure the sending forward of this statistical information to the several municipalities concerned.

Hon. W. D. EULER (Minister of Trade and Commerce): I shall be very glad to inquire into the matter.

SUPPLY

UNEMPLOYMENT RELIEF—STATEMENT OF MR. ROSS (ST. PAUL'S) ON MOTION OF MINISTER OF FINANCE—DEBATE CONCLUDED

The house resumed, from Tuesday, March 1, consideration of the motion of Mr. Dunning for committee of supply.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, before the adjournment of the house on Tuesday last I was speaking to the question raised by the hon. member for St. Paul's (Mr. Ross) regarding grants in aid payable to the province of Ontario under the agreement covering the last quarter of this fiscal year. That discussion was continued in substance on the following day during the debate on the resolution moved by the hon. member for Broadview (Mr. Church), and I concluded what I had to say upon this question at that time.

DISMISSAL OF EDWARD E. JAY AND OTHERS FROM STAFF OF DEPARTMENT OF AGRICULTURE IN PRINCE EDWARD ISLAND

Mr. C. G. MacNEIL (Vancouver North): Before you leave the chair, Mr. Speaker, I desire to direct the attention of the government to an injustice which has been done to certain ex-service men. It has been protested through the usual channels but without securing redress, and I bring it to the attention of the house on this occasion because to some extent it touches upon the honour of the house, or at least upon the privileges and rights conferred upon the members of this house by established custom. I find it necessary to bring this matter before the house

because after perusal of the correspondence in the case I find that it is only upon action by the house, upon a recommendation of the governor in council, that the wrong which I submit has been done may be righted in respect to the individuals in question.

I refer, Mr. Speaker, specifically to the dismissal of Edward E. Jay and certain other ex-service men from the staff of the Department of Agriculture in the province of Prince Edward Island during August 1936. The facts are contained in sessional paper 243A of last session, a return to an order of the house dated January 27, 1937. The essential facts as contained in that sessional paper and set forth by me appear in Hansard of April 7, 1937, at page 2691. I shall not repeat the facts which were then placed on the records of the house, except to say that these ex-service men, after being employed for periods ranging from five to thirteen years, were dismissed, without due notice and without inquiry, by reason of action begun by the hon. member for Kings (Mr. Grant). The hon. member made his complaint with reference to Mr. Jay in the following terms in a letter to the hon. Minister of Agriculture (Mr. Gardiner):

> To my personal knowledge, Mr. Edward E. Jay, seed potato inspector, Peake's Station, R.R. No. 1, Kings county, P.E.I., was guilty of political partisanship at the last federal election and I recommend that he be dismissed from the service.
>
> Yours respectfully,
> Thos. V. Grant,
> M.P. for Kings, P.E.I.

Mr. Jay was dismissed under authority of order in council P.C. 2156, dated August 26, 1936. Others were dismissed by order of the minister, some of them by telegram. I would ask the house to note that this was done without any further inquiry or any detailed statement of the alleged offences in any instance. In every instance considerable evidence was subsequently produced to show that these men had not been guilty of the alleged offences. This evidence submitted by the men on their own behalf was corroborated, as the sessional paper will indicate, by a number of responsible bodies of citizens, but as far as I am aware no action was taken to grant them the hearing requested. All of the men had enjoyed excellent records of service not only in the Canadian forces overseas but subsequently in the Department of Agriculture, and I submit that by reason of the action taken not only were they deprived of their livelihood but their employment opportunities for the future have been blighted. My point is that they were denied recourse to any procedure that would ensure observance of the elementary principles of British justice.

The justification for these dismissals was based on a custom that has been tolerated in this house for years. I consider that this custom should no longer be tolerated, because in application it is grossly unjust and open to vicious practice. It now becomes apparent upon further investigation that the custom as originally agreed upon has been violated and given an unwarranted application. The Minister of Agriculture referred to the custom in correspondence that was exchanged. I quote from page 2699 of Hansard of April 7, 1937, where the hon. Minister of Agriculture is reported as having said:

> I can only say that the action was taken under the practice which has prevailed for a number of years in connection with such matters. The practice followed is that where a member, on his own responsibility, states in writing that a man has been politically active, his word is taken on the ground that he is in a position to be called upon to answer for his action on the floor of the house. Where anyone else makes complaint, a full investigation is held.

As to whether the hon. member for Kings feels disposed to answer on the floor of the House of Commons for his action in accordance with this custom, I leave to his own conscience. I would, however, bespeak his cooperation to secure a full investigation into the matter, that any injustice done may be rectified.

I would ask hon. members to note that this special practice, authorized by an understanding between the political parties years ago, has not in this instance been carried out in accordance with the terms of the original agreement. I refer to the remarks made by the late Sir Wilfrid Laurier, and the present Prime Minister (Mr. Mackenzie King), speaking on a former occasion in this house. Sir Wilfrid Laurier is reported in Hansard of December 6, 1911, at page 894, as follows:

> I beg my hon. friend's pardon. We said in 1896 that no man should be dismissed unless he was first given the opportunity of being heard. But I said also that we would accept the written statement of a member of parliament, giving the facts and asking for the dismissal. This is the rule we laid down and we have lived up to it. I am told by hon. gentlemen opposite that we did not live up to that rule. I do not admit the charge. I think we did, but even if we were deficient I would expect that the hon. gentlemen who are on the treasury benches at present would at least act according to their own doctrines. Are they going to throw over their own doctrine and institute dismissals right and left without giving any man the opportunity of defending himself or without any member of parliament taking the responsibility of placing on record a charge against the man whose dismissal he seeks? I would insist on the leader of the government that he should enforce the rule that no man should be deprived of office without being given the opportunity of defending

himself or at least unless the member of parliament who asks for his dismissal has the courage to put on record the reasons why he demands it.

Again, in Hansard of February 15, 1923, the present Prime Minister is reported as follows:

In some cases charges have been preferred against certain officials by hon. members of this house. Where an hon. member has been prepared to state to the house that of his own knowledge an offence contravening the provisions of the Civil Service Act respecting political partisanship has been committed, the government has acted under the provisions of the Civil Service Act, which provide that a civil servant guilty of political partisanship shall not be retained in the service. I think that list will cover any of the dismissals to which my right hon. friend has referred.

Mr. Meighen: I presume that that list would cover practically every case, because the statement from any member that a man has been guilty of political partisanship is not very hard to secure from a partisan supporter.

Mr. Mackenzie King: I did not say a statement from any member. I said a statement from an hon. member of this house that of his own knowledge a civil servant has been guilty of a certain offence which was in the opinion of the government sufficient to warrant his dismissal under the provisions of the Civil Service Act.

The clear intention was that before carrying out such dismissals under this custom, on the written word of a member of parliament, details of the alleged offence would be specifically set out. This contention is borne out by the terms of order in council P.C. 1467, dated October 16, 1922, which I quote:

The committee of the privy council have had before them a report from the right honourable the Prime Minister, representing that, in view of the large number of charges of political partisanship which have been made against government officials in different parts of the country, whose dismissal is asked for by the complainant, it is advisable in the public interest that a course of procedure should be defined for dealing with such charges, in a manner which, whilst giving effect to the intent of the existing legislation respecting political partisanship, will, at the same time, avoid the possibility of injustice being done any member of the public service.

The Prime Minister, therefore, recommends that the following procedure be adopted, viz.:

1. That only such charges of political partisanship as may be made specifically in writing against an official of the government shall be deemed deserving of consideration.

2. That without in any way superseding or suspending the power conferred by existing legislation, when a specific charge of political partisanship is made in writing against an official of the government, if the act complained of is, in the opinion of the minister, of a character to constitute "engaging in partisan work" within the meaning of section 32, chapter 12, George V, 1918, an Act respecting the Civil Service of Canada, such charge may be referred by the minister of the department in which such official is employed, to a commissioner for investigation and report.

3. That for the purpose of such investigation and report, should the number of complaints so warrant, one or more commissioners may be appointed in each of the several provinces under the provisions of part I of the Inquiries Act, chapter 104, revised statutes, 1906.

(Signed) H. W. Lothrop,
Assistant Clerk of the Privy Council.

It should be noted that this order in council does not distinguish between a member of parliament and any other person, and this is as it should be. It seems to me unthinkable that a member of this house should be privileged under the protection of his position to initiate action that would deprive the victim of that action of recourse to the elementary procedure of law and justice. If this practice is condoned, nothing would more seriously demoralize the efficiency of the public service or work greater hardship to civil servants affected. The house will note that in the cases mentioned and referred to in sessional paper 243A, the Minister of Agriculture did not adhere to the terms of the order in council. The order in council requires that the charges be specified in writing and in such terms as to enable the minister to form an opinion as to whether or not the act complained of is of a character to constitute engaging in partisan work within the meaning of the act. In these cases the details of the charges were not specified, and subsequently evidence in support of the affidavits furnished by the men in question was not given consideration. The minister was never in a position, in the light of the evidence on his file, to form the required opinion. In no instance were the charges made the subject of an inquiry or an investigation as required under the order in council. I submit that these men were wrongfully, perhaps mistakenly, dismissed. The procedure followed in the cases cited does not appear to coincide with the intent either of the order in council or of the House of Commons as expressed in the quotations I have laid before the house.

I submit, Mr. Speaker, that this mistake should not deprive the men affected of the right to appeal for justice and redress. I appeal to the government to institute an investigation with the object of reinstating men who have been dismissed upon insufficient evidence. That is the first point. I think the house owes it to the men in question because of the procedure followed. Secondly, I would urge the government to give this house an assurance that in future insistence will be made upon a procedure which works full

justice to all men concerned, namely, that within the terms of the order in council, details of such charges made by members of this house shall be set forth specifically, and that, when deemed worthy of consideration, proper inquiry shall be made as authorized under the terms of the order in council.

Hon. J. G. GARDINER (Minister of Agriculture): One year ago, when the house was in session, I was notified by the hon. member for Vancouver North (Mr. MacNeil) that it was his intention to bring this matter up on the estimates of the Department of Agriculture; but at a later date, and I must say after the hon. member had informed me of his intention to change the procedure, the matter was brought up on the estimates of the Minister of Pensions and National Health (Mr. Power). I am not certain as to why the change was made. When my estimates were up I had all the information here with which to answer any questions with regard to the dismissal of these particular persons; the question however was not discussed on my estimates last session but upon the estimates of the minister of pensions.

When the matter came before the house I did not happen to be in my seat, as I had another appointment and was not able to be here. But on that occasion the hon. member for Kootenay East (Mr. Stevens) addressed the house and stated what I assume would be taken to be the view of those who had previously served in governments in Canada on a matter of this kind. At page 2703 of Hansard the hon. member for Kootenay East used these words:

When I first came to parliament twenty-six years ago, a member of parliament had the right to say that of his own personal knowledge someone was guilty of partisanship, and that person would be dismissed; more than that, when I first came to the house, any employee of the government would be dismissed at the mere request of a member. That was the system then in vogue, the old patronage system. We have gone a long way from that, fortunately.

Further down the column on the same page the hon. member for Kootenay East used these words:

As regards these ten veterans—

In the first place, there were only four veterans; the ten who were dismissed in that particular constituency were not all veterans.

As regards these ten veterans, however, it appears that four of them were appointed under the regime of the present party prior to 1930, and they are dismissed at the request of a member, without a hearing, and without being apprised of the specific offences of which they are accused. The statement is simply made that the member knew that they were partisan and that they should be dismissed. That is a retrograde step; it is something that has not been sanctioned in this house in recent years. True it is that Sir Wilfrid Laurier laid down a dictum that has been frequently quoted, to the effect that if a member seriously stated on his own responsibility as a member that he had personal knowledge that the person complained of had been guilty of partisanship, that person should be dismissed.

What I wish to call attention to is the fact that apparently in the mind of at least one hon. member who had served in governments previously, this was considered a custom which had not been followed by governments in recent years. The hon. member for Vancouver North, in the speech he has just made, has taken exactly the same position, that this is something which was practised some years ago but has not been practised in recent years by governments in Canada; and he has quoted remarks made by Sir Wilfrid Laurier in dealing with this situation following the election of 1911.

The question was discussed in 1911, again in 1923, and again in 1928 on the floor of the house, and so far as I have been able to follow those discussions it was admitted from all sides of the house on each of those occasions that it had been the general practice to act upon the word of a member who has a seat in this house and who can, because of that fact, answer for his recommendations upon the floor of the house. When, two years ago, I became a member of the government and recommendations of this kind were brought to my attention, I took the trouble to check back and find what the practice was, and determined to follow the practice exactly as it had been followed previously in the Department of Agriculture and other departments, at least until some change was announced in connection with the policy having to do with dismissals of this kind. And when representations were made to the department, by a member of the house, to the effect that to his own personal knowledge an employee of the department had been politically active, action was taken automatically by the departmental officials to dismiss him. I did not change the practice in any particular; I gave no instructions to them to make any change, but simply informed them they were to follow the practice that had been followed and that they should do so until such time as they received instructions to do otherwise. So far as these individual cases are concerned, they did not come to my personal attention as individual cases to be acted upon by the minister, but were acted upon in the ordinary course of events in the department as cases had been acted upon previously.

Lest there should be any question in that regard, I should like to read to the house

two or three letters that went out following the election of 1930—in the years 1930 and 1931—because they bear out the contention I am putting forward at the moment. On November 3, 1930, a letter was addressed to Paul Caldwell, potato inspector in the province of New Brunswick, in these terms:

Dear Sir:

The Civil Service Act states that no government employee shall engage in partisan work in connection with any dominion or provincial election, and it provides that any person who is guilty of political partisanship shall be dismissed from the civil service.

Information has been received in the department to the effect that you engaged in partisan activities, and if this statement is correct, the department is giving you an opportunity to submit your resignation; otherwise, there will be no alternative but to proceed with your dismissal from the service.

Please be good enough to let me know at the earliest possible moment, as if no reply is received from you within a reasonable time the department conclude that the information which it received is correct, and that you were guilty of political partisanship and will proceed accordingly.

The following letter was addressed to the minister of the department on July 30, 1931:

This is to certify that charges have been made against Russell Nicholson, Hunter River, Prince Edward Island, who is engaged as fruit and vegetable inspector in Queens county, Prince Edward Island, that he was guilty of political partisanship in the recent dominion election. We personally accept the responsibility that these allegations are true and beg to ask for his immediate dismissal.

This is signed by the two members for that constituency, and action was taken upon their recommendation. There were sixteen letters signed by the members of the two constituencies dealing with eight different employees in the constituency of Queens, in Prince Edward Island, and eight also in a constituency in New Brunswick, after the same election. And they were acted upon. I did not go any further than to check these two constituencies, but I found sixteen on all fours with the four that are here brought before the house. They were in two constituencies, one in Prince Edward Island, and one in New Brunswick, and I think they justify me in saying that at least until the time of the last government, governments in Canada had followed the practice that had been pursued back in 1911, whether those governments were Liberal or Conservative.

I make this statement merely in order to make it clear to the house that any action which was taken in relation to the four men in question was in accordance with the practice that has been followed, and I think I can say without fear of contradiction that it has been followed in all the departments of government right down to the present time. I am not arguing that it is the proper practice; I am simply saying it is the practice that has been followed in dealing with matters of this kind. Where a member states in this house that, of his own personal knowledge, someone has been active politically, then automatically the department concerned has acted upon the recommendation of the member and has removed from office the particular person concerned.

With regard to any steps that have been taken following such action on the part of the department, I examined the records still further and found that without exception—if there were any exceptions they were very few—the person concerned, did by some method or other deny that he had taken political action after having secured the position he then occupied. On one occasion one of these individuals—one of the eight in New Brunswick to whom I referred—declared that he had never done anything of a political nature while he was in the employ of the government. That brings up another point which I shall discuss in a moment with reference to these particular persons.

On the declarations with reference to the four individuals whose names are now before the house, there are some of the same names as appeared on the declarations on behalf of the other officials in 1931, indicating that they had given good service and that they should be allowed to continue in office. The records show that some of the same concerns that made representations on behalf of these four men, also made representations on behalf of those who were removed in 1931. But I am not submitting these facts to use them as an argument that the practice is a proper one; I am simply showing that it has been the practice.

One investigation was held as a result of the protests made in 1931. It had reference to the dismissal of one returned soldier. Some of the others in the group that were dismissed, following 1930 as well as 1935, were returned soldiers, but there was one investigation that was held into the dismissal of a returned soldier. During the investigation, so far as I have been able to read the evidence, it appeared that the son, or, I believe, a nephew of the member who had made the statement that he, of his personal knowledge, knew that this man had been politically active, gave evidence to the effect that he had seen this particular employee go into a hall where a public political meeting was being held and had seen him come out again. To show the effectiveness of an investigation of that kind

the individual's dismissal was confirmed on the word of the son of the member in the same way as he had been dismissed previously on the word of the member himself. That was in 1931, following the election of 1930.

The record right through indicates that this sort of thing has been the practice down to the present time, and that is the only reason that I make these statements. I make them because of the very definite assertion of the hon. member for Kootenay East and of the hon. member for Vancouver North, that while this was the practice back in 1911 it has not been carried on recently and should not be revived.

Mr. STEVENS: I think the minister is stretching the meaning of what I said regarding 1911. What I said regarding 1911 was that it was the common practice to remove employees of the government on the word of the member. I did not say that that was the practice that was defined by Sir Wilfrid Laurier or Sir Robert Borden, and others. I said it was the common practice, and I added that in recent years the custom had been a little more rigid—at any rate, that is what I intended to imply—in that it was required that there should be a written statement by the member. If the minister will do me the courtesy to read my remarks more carefully he will see that I did not wish to suggest for a moment that the practice had been abandoned. Everyone knows it has not.

Mr. GARDINER: I am pleased to have that explanation from the hon. member for Kootenay East, because it makes it unnecessary for me to proceed any further with an argument to convince the house that it has been the practice right down to the present time.

In dealing with the individuals in question I stated a moment ago that the hon. member for Kootenay East in referring to the matter mentioned ten returned soldiers, and I indicated that these persons who were dismissed in that constituency were not all returned soldiers. Only four of them were, I call attention to that only in order to point out that what the minister of pensions said a year ago regarding the matter is true, that this particular question does not concern returned soldiers as opposed to any other individuals in the employ of the government of Canada. If a man has been politically active and the proof which in the past has been accepted with regard to his activity is presented, action results from that, whether the man is a returned soldier or is not. In other words, being a returned soldier does not excuse a man for being politically active.

There is another point in connection with these four men that I would like to place on the record. Only one of the four had what might be called a permanent job. Mr. Jay, I think, had a job which entitled him to draw pay from the government throughout the entire year. The other men had only part time jobs. Mr. Edward Cairns, who came into the employ of the government in 1928, drew from the government the following amounts—omitting cents:

1928-29	$327
1929-30	555
1930-31	514
1931-32	464
1932-33	312
1933-34	683
1934-35	461
1935-36	426
1936-37	189

So it will be seen that these were all part time men working at so much a day or month.

Mr. MacNEIL: Were they not employed each season—seasonal men?

Mr. GARDINER: Yes, they were seasonal men, employed each season while inspecting a crop of either vegetables or fruit. Then Mr. Edmund P. Donnelly received the following amounts:

1931-32	$ 15
1932-33	331
1933-34	360
1934-35	310
1935-36	345
1936-37	125

Mr. Charles MacLeod drew the following amounts:

1931-32	$175
1932-33	322
1933-34	532
1934-35	370
1935-36	465
1936-37	177

These men were all employed by the day and for so many days.

Mr. Edward Earl Jay was employed in 1924 and again in 1925. In 1926-27 he was employed from July 5 to January 5. In 1927-28 he was employed from July 11 to January 11. For 1928 to 1930 he was employed from February 15, 1928 to August 19, 1930. On August 20, 1930 he was made permanent, and from that time on drew pay for the entire year.

I state these facts in order to bring out the point that some of the men who declared that they were not politically active during the time they were in the employ of the government made a distinction between the time they were actually working for the government and the time they were not. This raises a question to which I think hon. mem-

bers might give some consideration when dealing with a matter of this kind, as to whether or not the employment of a man by the government during two or three months of the year on some particular work deprives him of the right to take any part whatsoever in politics during the remainder of the year. Some of the men dismissed seem to think it should not deprive them of that right, and have made declarations to the effect that they have not been politically active while in the employ of the government. But so far as this one man was concerned, he was in the constant employ of the government, and he was dismissed on the word of the member to the effect that he had been politically active.

Mr. HEAPS: What was the nature of the charges against the persons dismissed?

Mr. GARDINER: There were no definite charges. These letters in 1931, and all the letters right back over the years, indicate that the member did not make any specific charge, but simply said that the individual to his personal knowledge had been politically active.

Mr. COLDWELL: May we have the declarations that these men made in refuting the charges?

Mr. GARDINER: They are all on the records of last session. There were three returns brought down in reply to an order of the house: one dealing with the constituency I have been speaking of in New Brunswick, one with the constituency of Queens, Prince Edward Island, and another with these four cases in the constituency of Kings. I think most of the records will be found in those returns.

Mr. MacNEIL: I direct the attention of the minister to the fact that declaration was made that they had never been politically active and never attended political meetings.

Mr. GARDINER: There were declarations of that same kind in other cases, all the way back, and still the word of the member was taken.

Some hon. MEMBERS: Oh, oh.

Mr. GARDINER: My friends question that. If I wished to take the time I could read them; some of them are in the records of the house already and hon. members can see them. But I think if they go to any department of the government and look up the records during the time almost any minister was there they will find that what I am stating is correct.

Mr. CAHAN: They will not find it in the Department of the Secretary of State for five years.

Mr. GARDINER: Having established the fact that this has been the practice, all I wish to say is that when the hon. member for Kings sent in a declaration over his signature to the effect that of his own personal knowledge these men had been politically active, his word was taken, as the word of other hon. members of the house has been taken, and acted upon. As far as the one individual is concerned, about whom most of the discussion has taken place, the one who was employed continuously during a period of some years, while it may be very difficult for an hon. member to go before a commission and prove his contention, judging from my own experience over twenty-five years in meeting with civil servants and examining files I would conclude without any further investigation that the member was quite justified in making the statement he did make, and for that reason as minister of the department I would not have required any further examination or investigation in that particular case.

But the general practice has been established, and so long as it continues to be the practice we shall act upon it in my department. When it is decided either by this house or by the government that a different practice is to be followed, then as a member of the government I am quite prepared to follow that practice.

Mr. MacNEIL: May I ask the minister before he takes his seat whether the order in council to which I have referred is still in effect?

Mr. GARDINER: The order in council referred to is still in effect, but it deals with a different class of cases.

USE OF CANADA'S FINANCIAL RESOURCES FOR ELIMINATION OF POVERTY—AMENDMENT OF MR. BLACKMORE

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, I am not altogether satisfied with the progress which is being made in our dominion towards removing poverty from the midst of the potential abundance which exists in this country. It is the duty of every hon. member of this house to express his opinion and give the reasons for that opinion, and I merely undertake to discharge my duty in this respect.

As I see it, the government of the day has not only unsuccessfully grappled with the problem which confronts it; it has not even discovered the principles upon which a solution should be based. We still have a disastrous unemployment problem, as I think every-

one will grant quite freely. We have a far greater unemployment problem than ought to exist in a country like ours, so munificently blessed with resources. Our standard of living, even among the vast majority of those who are employed, I think all will agree is shamefully low. Our primary producers are crucified because of the fact that they must sell their products on an unprotected market while they buy what they need in order to produce on a protected market. This is causing universal suffering, particularly throughout the west, and apparently nothing is to be done about it. We are suffering from insufficient markets, and in order to get markets we are obtruding our products into the world market, displacing the products of other countries and engendering unfriendliness, while our own people are suffering for want of the very things we are seeking to sell. We have a debt burden which I think anyone who thinks about it calmly must realize is utterly appalling. Let us ask ourselves, as plain, straightforward, common sense, ordinary people: Can we see any way in which this country can ever get rid of the debt which is now hanging over us, if we go on as we have gone for the past ten years? Let us be perfectly honest with ourselves; let us face right up to the question in an unflinching, manly way. I think everyone will agree that our chances of getting out of debt, even if we have no great calamity in future, such as a war, are almost entirely negligible. There ought to be some way by which we can get out of debt, considering the natural wealth of this country. Surely some means can be discovered.

We are uncertain as to whether we ought to have a high tariff or a low tariff. I think even hon. members of the government party will agree that one of the greatest causes of contention among them is whether we should have a high or a low tariff, and no one seems to know. All we do is simply contend about it, and as long as the present system continues that is going to be the case in regard to every hon. member of this house, no matter what party he belongs to, which indicates that there is clash of interest between east and west, between primary and secondary producer, which certainly ought not to exist at a time like this. Surely there is some way of getting over this difficulty. Some people say that economic nationalism is the solution of our problem. Others arise and declaim against economic nationalism as an abomination, as the cause of war, and so on. All these people have been nurtured in Canada; they are even members of the same parties in parliament. I say as long as such conditions exist hon. members will readily realize, I think, and frankly grant that we are far from any sort of solution or even any conception of what the solution might be.

I do not wish to declaim against things as they are without being prepared to offer a suggestion as to how they might be bettered. In Canada we have plenty; that is beyond any question. There may be one or two who will question that statement, but I think there will be very few. I believe almost anyone will readily grant that we can produce all the food, all the clothing, all the housing and all the fuel we need in Canada. An excerpt which to some extent bears upon this question can be found in the Chart of Plenty, published by the national survey of potential productive capacity of the United States. I am willing to grant that this does not apply strictly to Canada, but remembering how closely we resemble the United States in our natural resources and our industrial and railroad equipment we must concede that conditions here must be very similar to those in that country. Therefore when we read on page xiii of Loeb's Chart of Plenty that the United States, without adding to its existing plant or man power, could easily produce for the people of that country $4,400 per family in goods, even we must realize that some such principle must apply to Canada. In the same connection I am going to refer to another quotation which is to be found in The Condition of Britain, by G. D. H. Cole, which was published very recently. At pages 376 and 377 he refers to the findings of the Brookings Institution, again applying to the United States, and reaches the conclusion from their findings that in 1929 only four-fifths of their actual productive capacity was being bought.

Right here, I maintain, is the crux of the situation. They are producing the goods but the people cannot buy. Now the question is why can the people not buy, and how men can manage it so that the people will be enabled to buy. If the goods are there and the people are unable to buy, the problem is clear. The question is how to deal with it. We have the factories; we have the workers; we have the transportation; we have the distributive agencies in Canada, the wholesalers and retailers, and every other thing that is necessary except the means to make them operate. Mr. Henry Ford may not be an authority but nevertheless he is a very successful man; consequently his opinion ought to have a great deal more weight than mine. People who might object to my opinion because I am not successful ought to listen with respect to the opinion of Mr. Ford,

who is successful. Recently Mr. Ford made this statement:

> Money is just part of society's transportation system for moving goods from man to man; it breaks down so often it is time our financial engineers developed a better model.

I am not saying that any great credence is to be placed in Henry Ford's opinion or that any great respect is to be given to it, but it is significant, as a point of departure, that this is what he says. I have also a quotation by Paul H. Douglas, which in the same way indicates that money is the cause of the trouble. I shall not trouble the house by reading it, but it is very emphatic.

We, as a group of social credit people, think the solution of Canada's difficulties lies in money, and we believe that the particular kind of money is state-created money, or king-created money. From past experience I feel sure that hon. members now will not jump to conclusions. May I commend the members of this house for their general tolerance of the opinions expressed, and I should like to thank them for that. Since my experience in the past has been so pleasant I think I am safe in assuming that to-day, when I speak of a warm, quiet, beneficial kitchen fire hon. members will not immediately begin to think of a vast conflagration consuming a city. I say that because in the past whenever we have spoken of government or state-created money, people immediately have talked about Germany. You do not have to have a great conflagration destroying a whole city or a world in order to have a fire. A controlled electrical current will light your home, will warm your toaster, heat your iron and perform many other services, but when you think of electricity you need not think of the lightning flash. If you did, you would back away from electricity at once. When you speak of a shower of rain coming down graciously and beneficently to moisten the ground and all that is growing therein, you need not think of a cloudburst which would destroy everything in its path. In the past the reaction to the question of money has been something of that kind. In advocating more purchasing power we are not commending the cloudburst or the conflagration or the lightning flash; we are commending rather the kitchen fire, the electric current under control, and the shower of rain.

The government have tried everything but money reform. I am ready to say what I have said in a hundred places in this country, both on the platform and elsewhere, that as far as I can judge the government in power to-day has done everything it could possibly conceive of under the present system to improve the condition of our people. It is my judgment that the ministers are as energetic, as honourable and as earnest as men could possibly be. It is my belief that the members are ready to do their utmost. They disagree among themselves with regard to high and low tariffs and with regard to the advantages of trade with this and that country, but as far as they can see and come to agreement, they are doing the best they can. I do not hesitate one moment to say that.

We have tried having our banks independent, we have tried keeping them under a very rigid central control, but neither one of these methods of handling our money has succeeded. On every hand we are faced with frustration and the threats of fascism and communism. There is stress and strain among the provinces. If you travel from one end to the other of the province from which I come you will find a very sad and disheartened people.

An hon. MEMBER: No wonder.

Mr. BLACKMORE: It is all right to say "No wonder," but that is the fact. Alberta is one of the nine provinces. If you go to those places in Manitoba where people are thinking most you will find that that province is facing frustration and is absolutely at a loss to know what it is going to do. That is the condition existing in two of the western provinces; but I do not intend to go into this in detail. Hon. members are just as aware as I that there are stresses and strains. Surely there must be some way out. In a land such as ours, with people such as ours, with equipment such as ours and in an age such as ours, there surely is a way of escape.

We have a suggestion to offer. Inasmuch as I have been dissatisfied with the progress made by the present government, not so much in its application as in its indisposition to try new things, I move that the motion now before the house shall be treated thus:

> That all the words in the motion after the word "that" be struck out and the following substituted therefore: "This house is of the opinion that for the effective removal of poverty from Canada this government has neglected and is now neglecting to use the resources of the dominion as adequately as the people of this country have a right to demand.

Although I am introducing this as a want of confidence motion, I hasten to say that we have no desire to make this a political question. We felt that we should discuss this matter fully and frankly and dispassionately. We have canvassed with a great deal of care the methods which could be used to bring up this problem on the floor of the

house for consideration, and of all the various means which have been suggested, this one seemed the least objectionable and the most likely to bring about the kind of discussion that we wished. I hasten to urge upon the members that they do not consider this a political move.

We do not consider ourselves a political party at all; we consider ourselves everywhere as just an economic league. We have no desire to establish ourselves as a political party, as a group in the house or as a league outside. I want to present my case as modestly and yet with as much assurance as should be fitting. I have been told that sometimes in the past we have spoken with such confidence and, shall I say, such cocksureness, that we have in a measure offended some hon. members of the house. May I urge this in order that you may feel less harshly towards us: Anyone who does not believe sufficiently strongly in his opinion to get up and fight for it with all the energy and vigour of which he is capable, is probably not very sincere. We are very sincere. We believe with all the power of our beings that there lies along the lines which we indicate some chance of solving the problem.

It is my belief that R. F. Irvine, professor of economics at Sydney university, was saying a true thing when he used these words:

> I believe the principles put forward by C. H. Douglas are not only sound but that they provide the only practical way of escape from the tragic fate which otherwise awaits the whole western civilization.

We have never made any statement more positive or more assured than that since we came here. That is a statement by a professor of economics of a great university in one of our sister countries. He has had twenty-five years experience as an orthodox economist, and surely his word should be considered of some importance, whether we agree or disagree with what he says. I urge that you attribute my zeal or ardour, not to persuasion, not to enthusiasm, but to genuine conviction. In further extenuation of my attitude, may I say that hundreds of years ago Bishop Berkeley, who is looked upon as one of the greatest minds in English history, was in favour of exactly the principle which we are advocating—

Mr. MARTIN: That is not true.

Mr. BLACKMORE: My hon. friend is at liberty to come to me and satisfy himself to the full after I have completed my speech. Disraeli recognized the faults in our money system; he referred to it as the Dutch finance system and had a great many things to say about it which I do not think have been promulgated among the youth of this land for a long time. Gladstone realized the weaknesses of the system, and in 1932 the London chamber of commerce roundly condemned the system we are under and suggested the very one we now advocate. Irving Fisher, professor of economics at Yale, has the same attitude to money. G. D. H. Cole, an eminent professor of Oxford, while he does not exactly favour dividends or the just price, is in favour of national money. That is the thing which we are going to discuss here this afternoon.

Mr. DUNNING: Surely my hon. friend is not quoting those names as supporters of the Douglas theory of social credit.

Mr. BLACKMORE: Not by any means.

Mr. DUNNING: Oh, thank you.

Mr. BLACKMORE: They are simply the names of men who support the first fundamental of Douglas, and that is that your money shall be state-created, king-created, and shall be debt free. There is no doubt about that point; if anyone questions it I could bring plenty of evidence to bear me out. But I think everyone accepts that because it is well recognized by everyone who understands the Douglas system.

In order to determine for ourselves whether or not the system advocated by Douglas has a chance of succeeding in Canada, there are a great many considerations which we must canvass with some care. I am going to say, first of all, that Canada has tremendous financial resources. When the Minister of Finance (Mr. Dunning) the other day, in all seriousness and earnestness, made the statement that there was no way in which you could get money except by taking it away from someone else, he was, according to our view, entirely wrong.

Mr. DUNNING: My hon. friend must not qualify what I said by leaving out part of it.

Mr. BLACKMORE: I shall be delighted to have the minister straighten it out if I have not quoted him correctly.

Mr. DUNNING: I used deliberately the two terms money and wealth, because I wanted it to be quite clear that I was not referring only to physical money, dollar bills and such, but to the actual transference of wealth which takes place when we take something from all of the community and give it to some of the community. We can call it money or wealth, but definitely a transference of wealth takes place.

Mr. BLACKMORE: Would my hon. friend then say that there is a way of getting money in Canada other than by taxing or borrowing?

Mr. DUNNING: Yes. I hope to follow my hon. friend, and I will tell him then.

Mr. BLACKMORE: Once he grants that, we are not far apart. One of the great causes of disagreement among people I think, is that they do not always know when they are talking necessarily about the same thing.

Mr. McLEAN (Melfort): Is it not real wealth that my hon. friend wants to have transferred from those who have it to those who require it, rather than money?

Mr. BLACKMORE: I think that when I have finished my hon. friend will fully understand all that I am talking about.

An hon. MEMBER: Never.

Mr. BLACKMORE: We hope so. I give him credit for a good deal, and myself some credit too.

The question is, how much money can Canada have? How much money ought Canada to have? Should the amount of money which Canada should have be governed by the will of banks? Just as soon as we ask ourselves that question in all earnestness and set about finding the answer to it we shall be on the way, at least, in my opinion, to find some path out of our difficulties. We as a group contend that the amount of money, genuine good money, which this government can have, does not depend on the will of any banker or on the amount of money which people have been able to make and save in the past. Then you ask: Well, what is money? So the first thing we will consider this afternoon is, what is money?

In order that we may get together on this, and that you may not feel I am giving any private definition of money I am going to read a quotation from a book which is just off the press. It was published in 1937 by John Donaldson, Professor of political economy—I am not sure just where. The name of his book is The Dollar, at page 1 of which he says:

> Although there are many meanings given to the term money, unless otherwise indicated the word will be used here to mean (1) currency in the sense of all regularly recognized circulating media of hand-to-hand exchange (such as coins, national bank notes, federal reserve notes, and federal reserve bank notes), plus (2) credit, in the form of bank deposits.

For the purposes of our discussion let us accept that as the definition of money. Roger W. Babson, in a book published in 1937, called If Inflation Comes, defines money at page 68. He is worried about the coming of inflation, just as the Minister of Finance expressed himself as being afraid of it; and he has good cause just now, I will grant. In setting forth his reasons for his fear of inflation Mr. Babson gives the following as money: "gold coins, silver coins, paper money, cheques, private credit, government credit." I think that is enough from that quotation. I may say that Mr. Babson goes into the question of money and inflation with a great deal of care. He is certainly not a social crediter, but I like to read men who disagree with me completely because I find in them large sources of information.

There are then two kinds of money; currency and credit. To illustrate what our conception is, so that the members can form their own opinion whether they agree with it or not. might I give this simple little illustration. It is almost childish but it helped me to get a conception of the confounding difficulties when I first commenced to study Douglas.

If you go back into the history of money, (according to one story), you will come to a time when there was a man living in a community and keeping cows. Another man not far off was raising grain, and the man raising grain came to the man with the cows and said, "Let me sell you some of my grain." "Well," said the man with the cows, "I would gladly take some grain but I have not got anything to give you for it. I could let you have a cow." "No," says the man with the grain, "I cannot handle a cow just now. She will get in my way, but I certainly would like to sell you this grain." "Very well, then," says the man with the cows, "I will make a little leather tag and on it put a cow's head and my private mark, and you take the tag, go your way, and when you want the cow, come back and give me the tag and I will give you the cow, because the cow stands behind the tag." "Right," says the man with the grain; and he hands over his grain, takes the tag and goes his way. A little while afterwards he goes to a man with shawls. "I would like to get one of those shawls," he says to the owner. "I will give you some grain for a shawl." "No, I cannot handle any grain," says the man with the shawls. "I will tell you what I will do," says the man with the grain. "I will give you a cow for the shawl." "Yes?" said the man with the shawls. Then the grain man takes out the leather tag and says: "Take this little leather tag and give it to Jim Jackson, and he will give you a cow, for a cow stands behind the tag."

The mere fact that the word "pecuniary," which is the word we use with respect to

money, is traceable to the word *pecus,* meaning cattle, indicates that that story may not be altogether far from the truth.

Now the question arises, how many tags could Jim Jackson make and trade for grain or shawls, or milk or cream, or fruit or sheep or anything else he wants to trade them for? Immediately people will say: It will depend on the number of cows he has. Of course it will. Allowing a certain number of cows to absorb the shock, shall we say, so that he will not be completely cleared out of all his cows, if he has thirteen head of cows he can safely issue probably nine or ten tags, which may go circulating all around the community. Every time a tag returns there will be a cow to back it. Now, suppose this man has thirteen cows and he issues ten tags; let us suppose another man has thirteen cows worth of grain and issues ten tags, and another man with thirteen cows' worth of shawls issues ten tags, immediately we see that in this little community there can be thirty leather tags in circulation. What is the backing of them? Is it the banks? Is it gold? Is it silver? Is it copper? No, it is cows and grain and shawls. Originally the money of a community depended exactly on the community's ability to produce goods that people could use. That helped me to get the idea of the backing of the money of the new economics. I believe we have quite lost sight of that backing of money. As soon as you begin to apply that principle to Canada, with all her boundless ability to produce all manner of things, you see that there is the possibility of a great many leather tags. Let me say that that possibly explains the way in which currency could be backed. Those leather tags would be currency.

Now, as to the other kind of money that we use—the credit; let us employ a similar illustration to get the idea of what credit is. Credit in the last analysis is the ability to produce and deliver goods and services, as, when and where required. That is a glib definition which meant nothing to me the first six months or so I studied it, but I got the idea of what it meant by this means. Supposing that, to a community where there is plenty of timber and fish and good hunting, and coal in the ground, there come four men to settle. One is a good hunter, one a good fisherman, one a good woodman, one a good builder. The hunter goes out and has considerable success; he gets a good deer every day. He goes to the woodman and says, "If you will cut me twenty-five logs to-day I will get you a good deer." The woodman knowing that the hunter can be relied upon, goes off and cuts the twenty-five logs. The hunter goes out and gets the deer, delivers it and gets his logs. The confidence which the woodman had that the hunter could get the deer gave an establishment of credit. If this little community went on and gradually developed, one man coming in with the ability to saw lumber, another with the ability to tan hides and make coats, little by little the public credit of the community would grow because its ability to deliver goods and services as, when and where required, would increase. The man who is the woodman will give an I.O.U. to the hunter; the hunter may give the I.O.U. to the tanner. We will suppose that they begin to use for I.O.U.'s figures in a book just as we use them now, just as our bank credit is operated. A man comes in who makes it his specialty to write up these I.O.U.'s. He does not need gold; all he needs is the assurance that these people can deliver goods and services as, when and where required, and he can commence to write up credit.

Mr. CLEAVER: Would the hon. member permit a question?

Mr. BLACKMORE: Gladly. That is what I am here for.

Mr. CLEAVER: Before I forget about these cow tags, are you suggesting that they can be handed or given to anyone without being earned, without being paid for?

Mr. BLACKMORE: Not just yet. We will come to that after a while.

Mr. CLEAVER: I am sorry to have interrupted the hon. member. I just wanted that information.

Mr. BLACKMORE: As you have asked it, let me say that if a community gets into war and one person is wounded so that he is thereafter incapable of going out and raising cows or grain, and the men who can raise cows and grain and shawls can produce far more than they can possibly use, it is conceivable that some of the tags could be given to this wounded man without doing them any harm at all. But when one of the tags comes to the man with cows he can turn it over and buy grain with it, and the grain man can turn it over and buy shawls or coal or any other article the community produces.

Mr. CLEAVER: Are you suggesting that anyone may acquire one of these tags without having given value for it himself or through his friends or someone else?

Mr. BLACKMORE: That is a very fair question, but as we go along we shall get to the point that, as the community develops,

it will be evident that the all-important thing for the man who produces cows is that he shall be able to sell them. That is the all-important question which obtrudes itself upon all western stock producers to-day. Their great anxiety is not whether they can raise cows but whether they can sell them. They are interested in any means which can be employed whereby they will be enabled to sell their stock. Even the people who do not produce would probably confer upon them a distinct advantage—

Mr. CLEAVER: I take it that—

Some hon. MEMBERS: Order.

Mr. BLACKMORE: May I have the question? Very well. I am glad to answer questions; we might just as well take them up as they arise, because that is what I am here for. I delight greatly in questions.

First of all, then, we have decided on a definition of what is money; what is currency (tags); what is credit—figures-in-a-book. If hon. members do not agree with my definition—good. If they do, we are together thus far. The next question we shall take up is, where does money come from? Is the money which the bank, for example, lends to you if your credit is good, money which somebody put into that bank, or is it money which the banker creates at the moment and lends you? If the answer to the latter question is yes, a tremendous possibility opens up. Where does money come from? The contention of the whole social credit movement is that the banker creates that money as he lends it to you. There is a real clash there, some bankers maintaining it is not so, and increasingly many bankers and great authorities contending and declaring that it is so—and the latter are not all social crediters, by any means. We say that bankers lend credit and not currency. Some evidence that that is true is to be found in a quotation which I shall read. May I say that when I first heard this four or five years ago I considered it was the most idiotic thing I had ever heard of, and not until I was completely convinced that bankers do create the money they lend was I ready to listen to the social credit proposals.

Here is a quotation from a source which I think all hon. members must respect. It comes from the London Economist of August 15, 1936.

> The most obvious and significant fact which emerges is that no single major country has overcome the great depression without undertaking a policy of monetary expansion of one kind or another.

Which indicates that money is the root of the difficulty.

It is, of course, open to anyone to maintain that recovery would have come without positive expansionist policies if only the countries concerned had waited long enough. In fact, however, it never did. Holland and Switzerland are waiting still.

Hon. members can find this letter in volume 124, July to September, 1936, page 292. The article goes on to say that the monetary expansion is accomplished, not out of savings, but by the creation of fresh credit. That agrees exactly with our contention. There are many other quotations that could be cited. I am going to direct the attention of the house to the London Chamber of Commerce report of July, 1932. I quote:

> It is upon the base of currency (money without physical existence) that the structure of bank or credit money is built. This credit money is many times greater in quantity than the currency, and having no physical existence, it is conveyed from account to account by cheque. At the present time the banks are working to a ratio of ten per cent cash of their total deposits—i.e., they are lending ten credit pounds for every one pound cash holding.

That is, they are lending ten credit pounds for every one pound of cash held. I would submit that statement to any man in Canada and ask him to explain how on earth that is true unless the banks, holding one pound of money, can create and lend ten credit pounds out of nothing. As I say, there are plenty of quotations that I could give; I have them in great number. But these are enough.

Where does the money come from? If all the money that this government could borrow in Canada were obtained in Canada, if it had to come out of past savings of the Canadian people, out of life insurance and trust companies and the like, then, of course, we should be prepared to pay interest on that money and consider ourselves in debt for it. We should have to pay it back and have our descendants for generations pay interest on it. Ultimately, if they could liquidate it, they would. But if the money originally was created out of nothing why should we have to pay interest on it? Why should we be in debt and bleed the country white to pay it back? That is manifestly a revolting prospect.

The next question is, what gives money value? The Minister of Finance has said, very wisely and quite correctly, confidence. Surely it is confidence. And what makes confidence? Is it not first of all the certainty that the person to whom you present money will deliver to you goods and services as when and where required? Does anything else matter at all? Undoubtedly the conclusion must be drawn that if in a country you have plenty of goods and services so that people are able to deliver these goods and services as, when and where required, then to the

extent to which you have goods and services you can have money. That is a social credit contention put in another way.

The thing that attaches confidence to money is government backing. This Dominion of Canada has created millions upon millions of dollar bills. Did they cause inflation? Surely not. Were they good money? Surely they were. Did they always have gold behind them? Surely not. Just consider for a few minutes Sir Thomas White's excellent pamphlet, How Canada Financed the War. Many of these principles are set out clearly. Consider the way in which Britain financed the war. Britain went into debt to the extent of seven billion pounds. One of these billions she borrowed from the United States and two of them she borrowed from her people, raising it by loans and taxation. But the other four billion pounds were not in England before she went into the war. Where did they come from? If they were created by banking institutions in England, why in the name of common sense should the English people and their children to the last generation be loaded with a burden of debt which they must pay back, paying interest to an extent that ruins the country, just as we are doing now? The money was created out of nothing by the banking institutions of Great Britain, and ten per cent of it was created by the British government itself in treasury bills. And after a pound of treasury bills was created and handed to the bank the banker could immediately make ten pounds of his own credit money and lend it back to the government. Such a situation must surely present itself to any thinking man as an incongruity, a monstrosity, an absurdity. The thing that gives money value is the power of the people behind the government that creates that money—the power of those people to deliver goods and services as, when and where required. It is not gold. This principle must be laid down; if the hon. members challenge it we must clear the matter up. If the people's productivity backs and makes possible the money, then the money certainly ought to be theirs.

There is in the minds of people generally throughout Canada and the British world, and in the United States as well, great confusion as to the backing of money. Practically everyone has the idea that there must be gold behind the money. Thirty or forty years ago it was generally thought that money was better if it was made of gold. We never see gold to-day; we never even ask for it, nor do we trouble ourselves about it. Is it gold that gives value to our money? Let me hasten to say, I fully grant that you must have gold to back your exchange. But that is another matter that must be considered in its place; if we go into it on this occasion we shall not cover the other aspect of the question. Apart from exchange, however, is there any reason at all why the question whether there is gold in Canada or not should affect the value of Canada's money?

Mr. ROGERS: Does the hon. member agree that the value of money has some relation to the price level?

Mr. BLACKMORE: Yes, undoubtedly, and the price level has a relation to the amount of money. We readily grant all that. In order to make it clear that the value of money does not depend upon the substance from which it is made, or with which it is backed, I wish to quote an authority whom I think every man in this house will readily accept—I refer to Ricardo. I would also quote from Sir Norman Angell's booklet, Your Money. No one can question either of these men or accuse him of being a social crediter. From page 15 of the booklet, I quote:

> It is not necessary that paper should be payable in specie to secure its value; it is only necessary that its quantity should be regulated.

That is clear as can be. It shows that the value of money does not depend upon the gold behind it; it does not depend upon the gold in it, nor upon the silver behind or in it. The value does in some measure depend upon the quantity. The Minister of Finance pointed out last year, quite accurately, that velocity has a good deal to do with it. We did not doubt for a moment, but in the limited time at our disposal we could not present the whole case; it takes books to present a new economics. No one knows exactly to what extent velocity does affect money, but it is certain that the value of money depends upon quantity and velocity. These facts being granted, then unquestionably it follows that the value of your money depends, not upon the gold or silver behind or in it, but upon the goods and services producing and consuming power, of the country behind the government that creates the money. That is the social credit contention.

There is another question which bears definitely upon the matter we are discussing: How much money can Canada have? How much money can a community have? At one time during the war the government created $16,000,000 in new bills. Why did they stop at sixteen? Could they have created sixty? I am not going to try to answer that.

Mr. DUNNING: The answer to that question is very important.

Mr. BLACKMORE: Very true. But the big question is this: Did the amount of money they could have created depend upon the gold that they happened to have, or the goods and services they could produce and deliver?

Mr. DUNNING: It does not depend on either.

Mr. BLACKMORE: It depends in fact on the exchanges, on the use for the money. Is not that so? I wish that hon. gentleman had remained here; I have forgotten his name and constituency. Those questions will be answered before we get through. Now, the value of the money, or the amount of money which a community can have, depends upon the exchanges. Observe that the man did not have to have a tag until he wanted to exchange a cow for grain, but as soon as he wished to effect that exchange he had to have a tag. The more such exchanges he had to make the more tags he had to have. And that holds true with the country. This is an abstruse and intangible problem, difficult to predict and measure, I grant. Up to the present men simply do not know how to measure it; we grant that. But it is certain that there is a relation between the number of exchanges to be effected in the country and the amount of money the country can use. The question is: How many exchanges will the people of Canada make with each other if they are given a chance? Upon the answer to that question depends the amount of money Canada can have, and whether or not the government of Canada back in those war days could have created $160,000,000 instead of $16,000,000, and still have had sound money. Let me hasten to say that I do not wish to have any of the statements I make taken and interpreted in a broad way; it is impossible, as all hon. members know, and as the Minister of Finance knows very well, to make a statement without having plenty of time to qualify it.

Mr. DUNNING: That is frequently true of the hon. member's quotations.

Mr. BLACKMORE: Exactly so. I have exerted all the intelligence, ability and industry that I possess in reading these books with the most minute care to make sure that the interpretation I have put upon the quotations is correct according to the meaning of the author. And I tell hon. members where they are found in order that they may read for themselves. Read the books through and see whether you agree with the author. I can get no other meaning from what they say than that which I give here.

I have here two other quotations, one from Sir Norman Angell, and one from Sir Basil Blackett's book, Planned Money, pages 103 and 106, which bear out the statement that the amount of money that a country can have depends on its exchanges.

Having covered the question of what gives value to money, let us turn to another question which is fundamental to social credit. I am sure some hon. members will be surprised to hear that social credit stands for king-created money, money created by the sovereign, by the crown. That is just a ready way of expressing the thought. It is crown-created or government-created money. At the risk of boring the house I wish to review for a few minutes the history of English money. Let us go back into the past and see what they did in ancient times and whether when the king created money it caused inflation. Were the kings able to regulate the money, and did they do so? I found some very enlightening books on this question, from which I am drawing the information which I now give to the house.

Edward III was the first king who commenced to manage English money. In 1346 he reduced the penny from twenty-two grains troy of silver to twenty grains. Hon. members would say that he debased the coinage. But it did not work that way. In 1351 he issued a new penny containing eighteen grains. His reason was that he knew the country needed more money, and apparently the only silver they had was what was in their coins, so that new coins were made containing a smaller amount of silver.

Mr. REID: The hon. member is wrong; he did it to make a profit for himself.

Mr. BLACKMORE: I am glad the hon. member is so free to challenge my statements.

Mr. REID: I can prove it.

Mr. BLACKMORE: I refer my hon. friend to The Breakdown of Money, pages 41 and 43; he will find much enlightenment there. Henry IV in 1412 reduced the penny to fifteen grains. Thorold Rogers in his History of Agriculture and Prices says that there was no rise in prices. Now, that is significant. There is a case where the amount of money was increased and the actual value in the money decreased, but there was no fall in prices. Why? Because the productiveness of the country had increased meanwhile, and the country really needed more money. Edward IV in 1464 reduced the penny to twelve grains, and prices remained absolutely stable. Henry

VIII debased the money in 1542—this is what the hon. member for New Westminster (Mr. Reid) had in mind; he did it to make a profit.

Mr. REID: So did the others, every one of them.

Mr. BLACKMORE: We shall ask the hon. member to give his proof in the speech which he can make after I conclude. Henry VIII debased the value of the coinage in 1542; he increased money faster than the increase in goods, with the result that there was a rise in prices from 100 in 1541 to 213·5 in 1556. The authority, again, is Thorold Rogers. This rise in prices was partly due to the debasement of the currency and partly due to a large influx of gold and silver treasure from America. In those days when a man had gold he could take it to the mint and have it coined. The result was that the king had very little control over the amount of money in the country, provided the people could get plenty of silver and gold. This element was entering into money from the time of Henry VIII forward and caused a great deal of trouble down to and through the time of Charles II. But the rise in prices apparently was not owing to an increase of money by the king.

In 1561 Queen Elizabeth called in £850,000 of debased silver and issued in place of it £730,000 of good money, and the result was deflation. She issued good money and instead of inflation she caused deflation. Prices in 1561 were 205 and in 1562 they were 192·9, which indicates just what I have said, that prices fell using 1399 as 100.

This is somewhat heavy material, but I find it intensely interesting and constructive. Later American gold and silver came along in very great quantities and caused great inflation, which wrecked both Charles I and Charles II. Charles II began to use notched tallies for his money, and after a while began to use paper. He found that the paper money was good, and the people began to use the paper, exchanging goods and services for it just as they had done with the metal money. Charles II had made an important discovery, and I should like to read what one of the greatest authorities in the world has to say about him. Doctor Shaw, whom the Minister of Finance will readily recognize as one of the greatest authorities on money in England, has this to say:

> . . . the orders would have performed all the functions that were in the next century to be performed by the privately issued bank notes.

Those are not the words of any guesser; they are the words of probably the greatest scholar in the world in regard to monetary matters, as quoted by Christopher Hollis in The Two Nations, page 18.

Now, Mr. Speaker, we are discussing the question of whether or not king-created money is good money. The idea has begun to go abroad, because of a faulty educational system and because of propaganda, that if a government creates money it is necessarily bad money, or weak money.

Mr. DUNNING: No, no.

Mr. BLACKMORE: I am glad the Minister of Finance is so confident that that is not so.

Mr. DUNNING: I do not think anyone in Canada contends that the money created by the government of this country is not good money, and I do not think our educational system in any part of the country teaches such a thing. I think that is incorrect.

Mr. BLACKMORE: Our educational system and our propaganda do contend, though, that if the government creates a dollar bill it is inflation.

Mr. DUNNING: No, no.

Mr. BLACKMORE: I am delighted to hear the minister say that, because when we have been contending for state money the answer has been that it will cause inflation.

Mr. DUNNING: We have state money. You have some in your pocket; I have some too. I wish I had more of it. Of course it is state money.

Mr. BLACKMORE: Well, we seem to be getting into a unity of faith. Once you grant that state money is good money, then there is no reason—

Mr. DUNNING: It depends upon the state, you know, as to whether or not it is good.

Mr. BLACKMORE: True, but no one will question the fact that Canada is good.

Mr. DUNNING: Hear, hear; I am glad to hear my hon. friend make that statement.

Mr. BLACKMORE: That is exactly how I feel. Now, then, Mr. Speaker, once we grant that this dominion government can create money, and that it is good money, and that the amount of money which it can create depends not upon the gold it happens to have but on the exchanges which can be brought about in the country, then we begin to see that it is simply idle folly to suppose that all the money this country has must be borrowed from banks or collected in taxes.

Mr. THORSON: But it must be good outside the country as well.

Mr. BLACKMORE: Very true. I am much pleased with my hon. friend's interest, but he must remember that we can do only one thing at a time. Let us get this

proposition laid down fully and recognize that state money is sound money in Canada. During the war the English treasury notes were complete evidence that state money is sound. Doctor William A. Shaw, in one of his recent great books which all hon. members would find interesting reading, the name of which for the moment I have forgotten, but it has to do with the principles and practices of central banking, tells us that when the British government discovered the use of the treasury bill they had discovered the perfect money, and he deplores the fact that they allowed themselves to be deceived into going back to the gold standard, which brought about this terrible wreck from which we are all suffering at the present time.

Mr. TAYLOR (Nanaimo): But did they not retreat in the face of the requisitions of the United States?

Mr. BLACKMORE: That would be a matter that we would have to go into.

Mr. TAYLOR (Nanaimo): I think it is a factor.

Mr. BLACKMORE: We must remember that if we go into side issues we will not get through. I shall be very glad to take up all considerations in time, but we have plenty to deal with to-day, so let us go straight through Certain it is that Doctor William A. Shaw, notwithstanding anything that can be said, has stated definitely that they had discovered the perfect money. I intended to bring that quotation down to the house with me to-day, but I thought perhaps it was too long to read here. Then they abandoned it; they sold themselves for a mess of pottage, and apparently we followed them.

I was going to comment on Canada's covered issues of notes, Canada's backed issues of notes, but since the Minister of Finance has been so kind as to help me out I do not need to go into that. I think we are all satisfied that Canadian money is good money, and that there is a tremendous possibility for the creation of the same in Canada.

Mr. THORSON: Then it might not be good if it were created in excess.

Mr. BLACKMORE: We grant that, Mr. Speaker, surely, but the all-important thing is to know to what extent you can go before it becomes excess.

Mr. THORSON: Now will you tell us that?

Mr. BLACKMORE: All right, but the point, as far as I see it, is just as I indicated in the little illustrations I gave. Because a fire has been used to create a conflagration, we cannot be forbidden to have a kitchen fire.

Mr. MARTIN: To what extent would you go?

Mr. BLACKMORE: That is a matter of which I have said already even the wisest and best informed of men are only becoming dimly conscious, but they are certain that a great deal more than we now have can be created.

Mr. MARTIN: I have followed the hon. gentleman very carefully and sincerely, and I should like to ask him a question, because he has given this matter a great deal of study. To what extent would he advocate that we should go?

Mr. BLACKMORE: I would advocate going far enough, as G. D. H. Cole says, to put our resources, that are not now being used, into production. That is not clear, I know, but the point, as you know and I know—

Mr. DUNNING: That means exactly nothing. That is what we are waiting to hear. The other day my hon. friend said he wanted a chance to explain what social credit would do. That is precisely the question in point, but my hon. friend does not give the answer. Tell us about it. Tell us how you propose to proceed. I ask as an earnest inquirier. I do not agree with my hon. friend in all that I have read as to what he means, but I wish he would tell us what social credit will do and how it will work.

Mr. BLACKMORE: In the first place we must not enter into too many technicalities here.

Some hon. MEMBERS: Oh, oh.

Mr. BLACKMORE: It is all right to laugh, but the details I have given here this afternoon are quite sufficient. At another time I shall go into those details along that very line, if I am required to do so. In the first place we can say this: No one would be afraid if the banks throughout this country were to take a notion to lend $300,000,000.

Mr. DUNNING: I would.

Mr. BLACKMORE: Would the minister be afraid?

Mr. DUNNING: Yes; I am afraid of notions like that. I would want to know what was back of it.

Mr. BLACKMORE: Would the minister be afraid that $300,000,000 loaned to farmers and various other producers throughout the country would cause inflation?

Mr. DUNNING: I would want to know precisely what was back of it.

Mr. BLACKMORE: I think that will be developed as we go forward. Back of it is

the Canadian banking system. My hon. friend has raised a question which probably I could deal with right now, by means of a quotation which astonished me.

Mr. THORSON: Never mind quotations.

Mr. BLACKMORE: If I make a statement in this house without a quotation to back it up, people say I do not know what I am talking about, so I am going to give you the quotation and tell you where it can be found. At page 140 of The Canadian Banking System, a book published in 1938 by James Holladay, Ph.D., professor of economics at the university of Alabama, appear the words, in question:

> The Bank Act of 1934, however, sets up a specific quantitative reserve which the chartered banks are required to hold against their deposit liabilities. In form, this reserve must consist of a deposit in and notes of the Bank of Canada. In amount, it must be equal to five per cent of the deposit liabilities in Canada. As a result, the chartered banks as a group can legally create deposits amounting to $20 on the basis of a one dollar reserve. A much larger secondary expansion is made possible, however, for the Bank of Canada is required to hold only a 25 per cent reserve against its liabilities, which in turn constitute the reserves of the chartered banks. Consequently, the Bank of Canada can expand a dollar into $4 of liabilities which, if borrowed by the chartered banks, will enable them to lend an aggregate of $80 against a primary deposit of one dollar. This compares with a possible legal expansion of $28.50 under the federal reserve system in vogue in the United States.

If the Bank of Montreal lent $10 of credit money, unquestionably what would be behind it would be a one dollar bill of the Bank of Canada, and the one dollar bill of the Bank of Canada, if we interpret all these things aright, could just as well be expanded to $10 of federally created money if the government willed. Behind the one dollar which the Bank of Montreal would get from the Bank of Canada there would be only twenty-five cents in gold.

Mr. DUNNING: But you say that gold is unnecessary.

Mr. BLACKMORE: I am not saying that it is necessary, but it is there if the people who want gold must have it. Manifestly if the banking system can lend $80 against $1 of gold, it would appear that the framers of the Bank of Canada Act were not greatly concerned about gold. I am sorry that this one aspect of the discussion this afternoon is not in sufficient detail to meet the points raised by the minister and several other hon. members. The next time we bring up this matter on the floor of the house we shall go into their questions in more detail.

The next great question is: What of inflation? We shall discuss inflation with considerable care. The reason why we have moved this motion of want of confidence is simply that we could show that the possibilities of financing the Dominion of Canada are tremendous, I almost said limitless. The other evening the minister said quite straightforwardly and sincerely, "I am not sure we are managing them right, but we have the complete power to manage them." I believe I quote him correctly.

Mr. DUNNING: The management of credit and currency in Canada is right here in this parliament.

Mr. BLACKMORE: I am delighted beyond measure to hear that, for I feared that it was somewhere else. Once it is here in this parliament; once we realize that there is such a tremendous reservoir of potential money in this dominion, a reservoir which will permit $80 in credit being issued against every dollar in gold deposited in the Bank of Canada, then we must realize the powerful weapon we have to be used in fighting poverty in this country. This government persists in believing that it must borrow from the banks and pay back to the banks, money which the banks could not create except for this government. So long as the government holds to this notion, the situation in Canada cannot greatly improve.

Mr. DUNNING: We want to know what my hon. friend and his friends would do in managing the credit and currency of Canada if they sat here and had the responsibility. We want to be told how it is to be done.

Mr. BLACKMORE: I shall quote what Douglas says.

Some hon. MEMBERS: No.

Mr. BLACKMORE: I do not hesitate to say that I am a follower of Douglas. Douglas says, "The first thing I would do would be to call in the bankers, and I would tell them that they were responsible for the economic condition."

Mr. DUNNING: To whom would you say that?

Mr. BLACKMORE: Call in the Bank of Canada, if you wish.

Mr. DUNNING: You would say that to the Bank of Canada?

Mr. BLACKMORE: Call in whoever has charge of the financial affairs of Canada. We would say to them, "We want you to manage matters so that poverty will be removed from the midst of plenty." The bankers will prob-

ably say, "Very well, we will go and do it." I do not propose to go into more detail at the moment, but I should like to give one illustration. In the town of Raymond in which I live and from which I was elected, there are hundreds of good men. Twelve or thirteen years ago many of those men could write their cheques for $500, $1,000, $3,000 or $10,000. Where are they to-day? They are ruined. Why? Before the depression those men could go into a bank in the spring and get a loan of $3,000, $4,000, $5,000 or $10,000 with which to put in a crop. When those men went into the bank after 1929, the banker said, "We cannot let you have the money." The result was that credit was restricted all through the country. The men, women, boys and girls who had been working for those people, no longer could get jobs. The result was that the purchasing power in that particular community was dried up. Because those men could not borrow money with which to raise a crop, with which to produce, production in that particular area fell off. The same thing was true throughout all Canada.

In limiting production the bankers limited consumption. If a man could not get money with which to produce, neither could he get money with which to pay wages to permit people to consume. People must be able to produce and other people must be able to consume.

Mr. ILSLEY: Would you pass a law to force the banks to lend people money?

Mr. BLACKMORE: We would have to leave that up to them. It may be that that could be looked upon as a special question, and I am not prepared this afternoon to go into the details of a discussion of that kind. I have seen ministers rather displeased at times when an hon. member asks a question without giving notice. Surely the same principle should apply to anyone who has come here prepared to deal with one aspect of a question when questions are asked in connection with another aspect. I would call in the bankers and tell them that they must bring about a change in conditions. Suppose they say, "We cannot do it, we do not know how." Then we would say, "Very well, we will bring in experts to teach you how."

Some hon. MEMBERS: Oh, oh.

Mr. YOUNG: Is my hon. friend saying that he does not understand all this?

Mr. BLACKMORE: Not at all. I have heard ministers of the crown rise in their places and say, "I cannot give the details of this." They did not make that reply because they did not know; they made it because it was not the right time to answer.

Mr. YOUNG: My hon. friend is making a learned speech which he has carefully prepared; but when it comes down to the real point at issue, he says, "I am not going to answer that to-day." I am an honest inquirer. Would my hon. friend be good enough to answer the question asked by the Minister of Finance and tell us just what he would do if he were sitting here on the treasury benches? That is what we have been trying to find out.

Mr. BLACKMORE: I have said what the first step would be.

Mr. ILSLEY: Is this the social credit policy about which we have heard so much, calling in the bankers?

Mr. BLACKMORE: That would be the first step.

Mr. ILSLEY: What is the next one?

Mr. BLACKMORE: Just what I have said. If the bankers said, "We do not know how to change all this—"

Mr. ILSLEY: Then you would call in the experts?

Mr. BLACKMORE: We would have to call in people who would know how. Suppose the Minister of Finance or the Minister of National Revenue would ask me what I would do if I were put in charge of his department. I would be confounded, naturally, until I had time enough to study it as he has done. The minister would call in the experts, and have them tell him, and if they could not do what he wanted them to do, he would dismiss them and get others.

Mr. McLEAN (Melfort): Might I ask, for information: Who are the experts who have demonstrated—

Some hon. MEMBERS: No; go on.

Mr. McLEAN (Melfort): I know my hon. friend the member for Lethbridge (Mr. Blackmore) will be glad to listen to my question and answer it if he can, and he needs no help from those behind him saying no. I would ask him who are the experts who have demonstrated their expertness by doing this thing somewhere at some time in the past, and in whom we have reason to have confidence that they can do it again, because they can show they have done it before?

Mr. BLACKMORE: Before men had successfully flown airships, you surely could not get an expert who knew how to fly a ship; but there were experts who knew a good deal about the matter, and by constantly

applying themselves they did learn to fly ships. The big mistake is that we are not trying. We are content to "stay put," so to speak, and to continue within the confines of a system handed down to us from 1688. I would be glad to have evidence that that is not the case, but I have not been able to see any since coming to Ottawa.

Mr. McLEAN (Melfort): The hon. member has not answered my question. I should like to know who are the experts who have demonstrated that they are experts by having done this simple operation at some time somewhere.

Mr. BLACKMORE: We shall have to let that be a state secret for some time, although I have some information which might interest my hon. friend.

Mr. THORSON: Why not send the master expert to go into this matter?

Mr. BLACKMORE: That is completely aside from the question before us. Let me say that I appreciate tremendously the courteous, kind and interested hearing which is being accorded me this afternoon, but I have not time to go into all these details. However, inasmuch as all hon. members are so much interested, we shall do so before we get through the session.

Mr. DUNNING: But these are principles, not details.

Mr. BLACKMORE: Now, what is inflation? I am going to give a definition which is quoted with approval by Roger W. Babson in his recent book, and which I think is sound:

> Someone has defined inflation as when purchasing power is made available to the people at a faster rate than goods are made and brought to market.

Mr. DUNNING: Does he confirm that definition?

Mr. BLACKMORE: Yes, in the main.

Mr. DUNNING: He says someone has stated it in that way.

Mr. BLACKMORE: Yes; he approves it in the main. My hon. friend will find the book in the library. It is carefully written, but Mr. Babson does not pose as an authority on the subject. In a way he accepts that definition, and all the best writers on the new economics, and the best writers that I have found on all economics, are agreed on that definition.

Mr. ROGERS: The implication being that there would be a rise in prices in that situation?

Mr. BLACKMORE: No; there would not be so long as there were more goods than money, and I shall bring that out later on. I know the Minister of Labour (Mr. Rogers) is interested because he raised the question last year, and as I go on with my speech I think hon. members will find that all their questions will be answered in due time.

Mr. ROGERS: The hon. member has been very good-natured.

Mr. BLACKMORE: Taking that as our definition, we shall go forward. If some hon. members disagree with it, all right; but think about it anyway. But if we agree on that definition, it means a tremendous amount to our thinking regarding the possibility of financial expansion in Canada, the possibility of dividends, for example; and just jumping forward for the moment, tied up with that is the possibility of distributing money in the compensated price. The ordinary objection to the social credit theory is that it will cause inflation. Very well. We must know what inflation is before we can be in a position critically to examine that possibility.

There are two main kinds of inflation, into both of which Babson goes with considerable care. I took pains to read someone who is not a supporter of the new economics just to make sure that I would not be entirely out of touch with my hearers this afternoon. Babson points out that there are two kinds of inflation. You can have inflation with respect to gold. If you say that the rule is that for every one dollar of gold you can have four dollars of bills and you must not go beyond that, then manifestly if you have five dollars of bills you have inflation with respect to gold. That is as clear as can be.

If you say that the rule is that you can have four dollars of bills and seventy-six additional dollars of bank credit, and then you expand your bank credit to eighty-six dollars, you have manifestly come to a condition of inflation in bank credit with respect to your gold. Whether your inflation is with respect to goods or services is another question.

There are two distinct ways in which you can have inflation in the country. One is inflation beyond the accepted gold backing, or whatever else you say is the backing; it may be bills, dominion notes or other cash. The other applies to your potential production of goods and services. You may have so many goods and services, and so little money, that you can expand your money even though your money intrinsically be almost worthless, as they did with playing

cards once upon a time in Canada, and still have your money good, providing you have more goods than you have money.

Let me restate this. We can have a currency inflation; we can have more currency than there is gold; or we can have more currency than there are goods and services; or we can have so much currency that if the banks expand that currency in credit there will be inflation either with respect to gold or with respect to goods and services within the country. Having laid this down as a basis, we are now in a position to go forward with the discussion. I regard this as extremely important.

There is another matter which needs to be dealt with. You may have ten million dollars in the hands of a few people, say ten people. Those men may begin to buy on the stock market and run prices up until there is a collapse, or they may cause a local inflation which may ultimately bring disaster to the country. With a small amount of money, however, that would not be possible. Take the ten million dollars and distribute among a thousand people, and you will have no inflation whatsoever. A great deal therefore, depends not only upon the amount of money you have in the country but upon its distribution. While on that point might I say that the social credit idea of distributing money through dividends is one of the devices for preventing inflation, because the money is placed right out among the people who are going to use it, and immediately they get that money they will be exchanging some of it for clothes, food, fuel and various other things; whereas if the same amount of money were in the hands of a few wealthy men, they would not use it; or, if they did, they would use it for inflation.

So inflation involves a number of considerations: First of all, currency inflation; next, credit inflation, which is inflation with respect to your gold or other money or cash backing; then inflation with respect to your goods and services within the country. Let it be recognized fully that if you have more goods and services than you have money in the hands of the people to buy those goods and services, you will have a fall in prices, and therefore you will have deflation. But as soon as you have more money in people's hands than there are goods and services to buy, there will be a rise of prices, and you have inflation.

An hon. MEMBER: How are you going to get money into the people's hands?

Mr. BLACKMORE: Through the dividend and the compensated price. We shall consider that in due time; I am not going to discuss it to-day. I had not intended to discuss the dividend or the compensated price; but they are exceedingly important in the Douglas system, and without them the Douglas system of course would fail. The chief reason why many fail to understand the value of the Douglas system is that they fix upon the one idea of state money, forgetting the other two, the dividend and the compensated price, and say immediately there will be inflation; whereas the whole system is designed and perfected to prevent inflation and to create the greatest possible distribution of goods.

The next question we shall consider is: Is state money inflation? I think from what we have said that every hon. member would rightly answer no.

Mr. THORSON: It might be.

Mr. BLACKMORE: Of course it might be. Just as dropping a lighted match may cause a conflagration, but in the hands of common sense people that will not occur. The dictionary gives the idea that one dollar of national money is inflation. You can find that in some of the dictionaries; I have read it. But history and common sense show that that is not so. National money does not necessarily bring inflation. I am going to read a quotation from a book which I believe hon. members will find exceedingly instructive. One of the finest books I have read to date is Controlling Depressions, by Paul Douglas, Professor of Economics at Chicago university. It was published in 1935; it is fair, open-minded, thorough, scholarly, and restrained; it has many good points.

Mr. DUNNING: But he is not a social crediter.

Mr. BLACKMORE: Not at all. Far from it. If he were, he would lose his position. On page 148 of his book these words appear:

> Finally, if we turn to actual experience we find that it simply is not true that the use of paper money invariably leads to runaway inflation.

He has been discussing state paper money.

Mr. DUNNING: Well, nobody has said that it does.

Mr. BLACKMORE: I shall not go into that in greater detail, although I have here a number of quotations from such eminent authorities as Irving Fisher, G. D. H. Cole, Paul Douglas, and R. F. Irvine, all expressing the idea that state money is sound and testifying to its truth. I shall take the liberty of saying that we can pretty well decide that state money is not necessarily inflation.

The next question I wish to consider is: Is new money necessarily inflation? On this subject a wide diversity of opinion exists, many people imagining that the minute you have new money you have inflation. Such is not the case. Is new credit inflation? Is new currency inflation? The answer must be: No, not necessarily. Money has been called the blood stream of the economic system. I find that it helps me to appreciate the effect of money, to crystallize it, so to speak, if I think of money with respect to inflation in terms of that analogy of blood. If a boy weighs 130 pounds, according to most computations that I have read he should have ten pounds of blood, one-thirteenth of his body weight. He has that ten pounds of blood because he weighs 130 pounds and is healthy. Now the body weight of the state is its goods and services producing and consuming power.

Mr. DUNNING: How many pounds, though, in some exact terms that can be understood? The analogy is not correct unless it is stated in some terms of measurement.

Mr. BLACKMORE: It is merely intended to convey an impression which, although it may be perfectly clear to the Minister of Finance, is not clear to tens of thousands of people throughout the country, namely that the amount of money which a country can have depends upon its productive powers and not upon its banks and its gold. Once that principle is laid down, we have something upon which to base our thinking.

Mr. MARTIN: What, for instance, is the productive power of Canada?

Mr. BLACKMORE: It can be found out. But the hon. member is not trying to find out, is he? Since this question has been raised, let me ask: Has this government set to work a body of men to find out the productive power of this country?

Mr. MARTIN: Is the hon. member seriously saying that there can be any adequate measure by which any government could determine the productive power of this or any other nation at a given moment?

Mr. BLACKMORE: Unquestionably, if what I have said thus far, regarding the amount of money a country can have without inflation, is true, the very first consideration to be gone into is the matter of productive and consumptive power. About that there can be no question. The United States has already done this, through its economic survey which resulted in the Chart of Plenty by Loeb, and through its Brookings Institution. We have not any Canadian Brookings Institution, or any survey, and apparently the government has no intention of providing any.

Mr. THORSON: Is the United States showing such a remarkable success?

Mr. MARTIN: I deny first that the Brookings Institution are seeking to determine the productive power of the United States. But apart from that, would the hon. member tell us how he would go about to determine the productive capacity and power of Canada or any other country? Will he tell us how he would do it?

Mr. BLACKMORE: I am astonished that the hon. member, with all his knowledge, would ask a question like that in all sincerity.

Mr. MARTIN: I do not know. I come to the oracle for knowledge.

Mr. BLACKMORE: Starting with Alberta, I would say that I would want to know how much coal Alberta can deliver, how many mines it has, what is its productive capacity. Get the information together, and we would know exactly the number of tons—

Mr. DUNNING: That is not its productive capacity.

Mr. MARTIN: Certainly not. The hon. member cannot tell us how much coal there is in the mines.

Mr. BLACKMORE: I am sorry if I have not taken care to specify it, but there is of course a difference between actual and potential capacity. No one can determine beforehand potential productive power, but we know it is greater than is now being used; of that there is not a question in the world. Vast numbers of cattle have been allowed to perish; many plants have been allowed to close.

Mr. ILSLEY: Should your money issue be based on actual or potential productive power?

Mr. BLACKMORE: At first it would have to be on the actual productive power. It would have to be well within the actual, because of the fact that you do not know what is the product available. But when you know that your immediate productive capacity is not now being used, it is evident that there is not enough money going into circulation.

Mr. ILSLEY: How much is the present issue of money below the actual?

An hon. MEMBER: Order.

Mr. BLACKMORE: These are very fine questions. It is delightful to me to have

them asked as earnestly as this, and these hon. members are asking in all earnestness. I should say that the best guide we have is the one I referred to when I started. The Brookings Institution estimates are the nearest approach we have. They give quite definite information in the quotation to which I referred at the beginning of my remarks, and which I produced to be prepared for such questions as the hon. member has asked. The institution sets out this fact, that at no time during the past forty years have the people of the United States been able to buy more than eighty per cent of the actual productive capacity of the country. That indicates quite clearly that whatever amount of money, taken along with the velocity, would be necessary to enable the people to purchase that extra twenty per cent should be distributed among the people.

Mr. ILSLEY: I think they were using the words in a different meaning. I do not believe that is what the Brookings Institution meant by "productive capacity." They were talking about factory equipment and the like.

Mr. BLACKMORE: Perhaps my hon. friend would like me to read the quotation. These matters are of vital interest. It is with such material that I do my thinking and, no doubt, my hon. friend does his, so that if he will pardon me I shall read this passage. It is important to be thinking about a way of putting the people back to work, of remedying unemployment. It is an idea which is quite prevalent among thinkers to-day, that we should be able, in a country like this, either to give people all they need or to put them to work. The quotation to which I refer is from the Technical Possibilities of Increased Production, in a book entitled The Condition of Great Britain, by G. D. H. Cole; it is to be found on pages 266 and 267:

> The Brookings Institution estimates. . . at height of boom, American industry was working at only about four-fifths of the actual productive capacity of available factory plant and labour, and that without any improvements in technical efficiency, most industries could then have increased their output by as much as thirty per cent.

Mr. ILSLEY: They are talking about industrial plant capacity which is a different matter from national capacity for production.

Mr. BLACKMORE: The very first thing you look to when you begin to wonder about the possibility of giving the people a decent standard of living is the capacity of your clothing factories, your ability to produce coal, your lumber resources, and so on, the means whereby you provide food, clothing and shelter, amusement, training, and all the things the people require. If you find you have within the country the resources, equipment, training, organization, and distributive power by means of which you can deliver to the people, as, when and where required, the goods which will give them a decent standard of living, then you know that this aspect of the problem has been solved. In other words, the problem of production need no longer trouble you. You now have the problem of distribution to deal with. And the means of distribution is money. You need then to turn to the monetary aspect of the problem, and that is our whole contention this afternoon. That is the reason for moving this motion, that the government has not availed itself of the possibilities of the country's financial resources, the means of distribution.

Let me come back to the blood illustration. If a boy weighing 130 pounds increases his weight by twenty-six pounds, then unquestionably he should have two pounds more of blood. The trouble with Canada is that we can grow an extra twenty-six pounds of productivity, but the banker decides whether we shall have the blood, the money, or not.

Some hon. MEMBERS: Oh no.

Mr. BLACKMORE: There is no getting away from that. Not only is that so, but the borrowers in the country also decide. If I am correctly informed with respect to physical anatomy, if I were to lose four pounds of blood, by haemorrhage or some other mishap, there are cells within my body whose business it would be to set to work immediately to replenish the blood supply, and those cells do not wait until somebody comes and borrows blood and undertakes to pay it back with interest. There is a mechanism within my body—

Mr. YOUNG: Do not forget that you have to visit the restaurant three times a day as well.

Mr. BLACKMORE: I am glad the hon. gentleman has made that remark. I would tell him in reply that, looking at the national body, we have the power to produce shoes and clothing, coal and other necessities, the thousand and one things which we require daily. There is no question that these things are there in abundance. They are the food. Speaking metaphorically, we have the body weight; the blood we need is money. We need more money, just as the body demands more blood.

Mr. DUNNING: And it gets more money.

Mr. BLACKMORE: Only if people borrow; there is no question about that. I

am glad my hon. friend takes issue with me; we shall discuss the matter as we go along. Suffice it to say that when a country like Canada is growing, if it is to be healthy, strong and vigorous, there must be some sort of practical, automatic mechanism by which the money stream is increased. What would happen if a physical body grew larger without a commensurate increase in the blood supply? It would become sickly.

Mr. DUNNING: We have machinery to-day, and it is operating every day.

Mr. BLACKMORE: We shall look forward to what the minister has to say in that regard, because we have not yet found out what it is. All I know is what I can read in books.

Mr. DUNNING: You have only to read the statutes.

Mr. BLACKMORE: Read Irving Fisher's book and you will see that in the matter of money the United States is at the mercy of 14,000 banks, if I remember rightly, and a few millions of borrowers. If the borrowers borrow, then the bloodstream in the economic system is increased; if the borrowers do not borrow, then there is no blood, no money. If the banks choose to lend, there is blood; if the banks decide not to lend, then the economic system will not get any blood, any money. And to-day our banks are not lending except to the government.

Mr. DUNNING: That is not true either.

Mr. BLACKMORE: I am glad to hear that; we are finding out things that we should never have known unless we came to parliament. Certainly where I come from there is no sign of any lending. I know that men cannot borrow now as they used to.

Mr. McLEAN (Melfort): Did they have crops or products of value?

Mr. BLACKMORE: Yes; 1932 was a glowing example.

Mr. McLEAN (Melfort): At twenty cents a bushel they could not borrow money.

Mr. BLACKMORE: We have an excellent example this year.

Mr. McLEAN (Melfort): In 1937 did they have a crop on which to borrow money?

Mr. BLACKMORE: Yes; we have a fine example of it to-day. I know the Minister of Agriculture (Mr. Gardiner) will be interested in this discussion. In my constituency for example, with 55,000 lambs being fed this year, what is going to happen? They are going to be sold at a loss. Why? Because there is not sufficient consumptive power; the lambs cannot be bought at profitable prices. So it is with any number of things. Beef can be produced in my constituency; but it cannot be sold at a profit; it cannot be sold for what it costs to produce it, any more than butter or cream or cheese or dozens of other things can be sold at a profit.

An hon. MEMBER: Nonsense.

Mr. BLACKMORE: There is no use saying, "nonsense" to me when I come right from there.

Mr. McLEAN (Melfort): That does not answer the question whether these people had a crop of grain on which to borrow money.

Mr. BLACKMORE: Even if they had a good crop on which they could borrow money, by the time they had paid back all the money they had borrowed, and paid it back with interest, they would have less than when they started; they would be further in debt. The actual figures in the west will prove that. I have not the time to-night, however, to go into that question. We are getting away from the subject, and though I am glad to answer any questions that are asked, there is a limit beyond which one cannot go in a single speech.

I have made three attempts to complete this illustration of blood. We simply need more money in order to service our production. Without the money we cannot service production; production diminishes; the shelves are cluttered up, and there is depression. That is the story of every depression; everyone knows that. Let me illustrate in a general way; I shall not go into details but for the present shall confine myself to generalities. Let us say that actual production is 100 and money is 60—that is, purchasing power. Then we could increase that purchasing power by 10 and that would be not inflation, but reflation.

Mr. DUNNING: What is the difference?

Mr. BLACKMORE: The difference is this: If 100 is production and 100 is consumption, then you have equilibrium and you should be able to prevent either rising or falling prices. But the moment purchasing power falls below 100, then you fall into depression and you have deflation, with the result that people must sell at a loss. That is the story of depression. If you increased money from 60 to 70, many people would consider that inflation. As a matter of fact it is not inflation; it is merely reflation, because you have to go a great many points further before you can get to the point where you can

equate consumption with production. Another extremely important point to consider is this—and it bears upon the question asked by the hon. member for Essex East (Mr. Martin). If potential capacity is 150 and money is 60, you can increase that 60 to 120 and the only result will be an increase in production.

The idea prevails among many people that when you increase the quantity of money you immediately increase prices. I say you increase production. Go to a coal mining area where the mines operate only part time; you spend double the amount on coal. Enlarge the market for the coal; does it raise the price? No; you will simply increase the production of coal. The same thing would be true throughout the country, with every industry which can produce more than it is now able to produce and sell. If your potential capacity were 150 and your money at 60, you could move it up to 150 and the result would be only reflation or stimulation. You would stimulate additional production. I have not time to quote authorities, but I have plenty of eminent authorities to the effect that that would be the case. This is a feature which people overlook entirely in the application of the social credit idea. The other day one hon. member rose in his place and entertained himself freely at our expense by suggesting that we could raise the dividend from $25 to $50, to $60, to $75. If you take productive capacity or potential productive capacity at which you can give people $25 worth of goods, we all know that by increasing their purchasing power you increase the immediate productive capacity of industry; and as the resources of the country, both natural and human, are called upon and brought into activity, so will the standard of living of the people be raised, until that goal which the chart of plenty indicated is reached. That is the way it is done.

Mr. McLEAN (Melfort): But that was a positive promise to be fulfilled within eighteen months.

Mr. BLACKMORE: Exactly, and when the promise was given many things were assumed. It was assumed that there would be a great deal more willingness to cooperate on the part of many people than proved to be the case. Now let us not get off the present subject. We are willing to debate the Alberta question to the limit at any time the hon. member wishes, but let us deal now with the question of inflation.

The next question arises right out of what I said a minute ago; you must have new money. There is no question about that. Hon. members will be interested in this fact. It was tremendously interesting to me. Carl Snyder, quoted by Paul H. Douglas in Controlling Depressions at page 181, found that over a period of years, say during the last forty-five or fifty years, the productive power of industrial countries has increased three per cent per annum compounded. Now, if your productive capacity is 100, your consumptive capacity 100, and the money in circulation 100, and you do not increase the amount of money but your productive capacity increases to 103, then you would begin to have a fall in prices.

I wish the hon. member for New Westminster (Mr. Reid) had stayed in his place. The trouble is that some hon. members do not stop to hear a thing through. He said a few minutes ago that those kings reduced the content of the money to make a profit. The fact is that they increased the amount of money, knowing that their people had to have more money because the productive power of the country had increased, and if there was not an increase in the amount of money there would be a fall in prices, just as there was in Great Britain in the last fifty years of the nineteenth century. Prices fell because they could not get enough gold to back up their ridiculous gold standard money, established under a Dutch system introduced in the days of William III, the same system we are trying to work now. There was a fall in prices with consequent suffering, notwithstanding that the productive power of the country was increasing tremendously. The same thing is true of Canada.

I quote a passage from Irving Fisher's One Hundred Per Cent Money, published in 1935. At page 85 he says:

> In fact, a fixed volume of money—if its velocity did not vary—would, as business volume increased, result in a slowly falling price level. Therefore there should in my view be a currency commission—

The Minister of Finance wanted to know how we would go about it; here is a suggestion. I am not an authority in this matter; if I were placed in a position where I had to be, I would soon take steps to become one, just as he did. He gathered authorities around him to instruct him on tariffs and other matters until he became one of the greatest authorities on tariffs on the American continent.

Mr. DUNNING: I had to know where I was going and what I was about before I started.

Mr. BLACKMORE: And we know where we are going. This bears it out, as clear as day:

> . . . there should, in my view, be a currency commission authorized to manage the currency, including the cheque book money.

A thing which no government so far has ever tried.

Mr. DUNNING: Surely they have; we are doing it every day.

Mr. BLACKMORE: I am glad to hear that; still I cannot help judging by what I see.

Mr. DUNNING: The trouble is you read the wrong books!

Mr. BLACKMORE: I come from seeing realities; I see the poor suffering in every direction, I hear cries for relief coming from the cities—

Mr. MARTIN: We all do.

Mr. BLACKMORE: Well, is that not evidence that things are going wrong? What more evidence do you want? What is an economic system for if not to give people plenty?

Mr. MARTIN: The point of my observation was that I do not think the hon. member should assume he alone is in sympathy with those who are suffering.

Mr. BLACKMORE: Mr. Speaker, I think you could go through my remarks this afternoon with a fine-toothed comb and not find a single word indicating that I claim to be the only one in sympathy with those who are suffering. The hon. member is exceedingly unjust when he imputes such a thing to me.

Looking down through the course of English history we find there has been need of new money from time to time. The whole history of English finance indicates that. The disasters which followed the battle of Waterloo were entirely owing to mismanagement of money. An hon. member—I am not going to name him because we had a sort of understanding that we would not refer to each other personally—the other night said he never knew anyone to get something for nothing. Listen to this. This is from Controlling Depressions, by Paul H. Douglas, published in 1935. Before quoting the passage I may say that I know of only one class of people in the world to-day who get something for nothing. They are indicated clearly in this passage, found at page 181:

> Finally it may be asked why private interests should be allowed to obtain the wealth which comes from the creation of monetary purchasing power in the form of bank credit. As Carl Snyder has shown, production, if we take long periods of time, has increased at a rate of approximately three per cent a year compounded. Now if the private bankers only increase the quantity of credit in the same proportion they would gather to themselves a very large gain in wealth and power. This has most certainly been the case in the past.

[Mr. Blackmore.]

Note it is not the member for Lethbridge who is saying that.

> The volume of bank credit which has been built up from very small beginnings is now the property of the banking fraternity. By creating credit they have acquired a title to wealth and a claim upon the national income as real as if they had themselves built gigantic factories, railroads, utility plants, etcetera. Some idea of how much these sums amount to can be gained from the fact that if we were to take a credit total of thirty-three billions as our base, an increase of three per cent in this figure to match the increase in production would mean that in the very first year the private bankers would create one billion dollars in new credit.

When you stop to think what that would mean, Mr. Speaker, it would be as though they had discovered in a gold mine or an old vault a billion dollars of money, all minted and ready for use, and they simply took that out and put it into their own vaults as new money. Then you realize how serious the situation is. The author is quite clear about it; there is no question about his meaning.

Mr. DUNNING: And he is not talking about Canada.

Mr. BLACKMORE: Very good, but the thing does apply to Canada; it would be interesting to see how my hon. friend could prove that it does not.

> They would own this and would in fact increase their wealth by that much. As the total volume of credit rose, the absolute yearly additions would of course rise also.

Where will all the money come from for the dividends? We have a hint there.

> Thus, three per cent of fifty billion would amount to 1·5 billion a year. A large part of the fruits of progress, therefore, tend to be transfererd to the private bankers because their ability to create the monetary counters enables them to claim title to the goods.

Our contention is that that sort of thing should no longer exist in any civilized country. The government should be gaining all that profit, not necessarily by having a government owned bank but by the creation of the monetary counters, just as fast as the productivity of the people calls for those counters.

My time is getting short. I greatly appreciate the interest and tolerance that have been shown by my hon. friends, but before leaving the banking system there is one thing more I should like to say. Let no one imagine that I am in any way opposed to the bankers, except in so far as they have been allowed to take over the creation of the life-blood of this country, which is of the most vital concern to Canada. That power must be taken back by the state, so that the state

may provide the people with the money they need. To-day the banks lend money and get money out into circulation only through the men who will borrow. The mere fact that they have been transferring their deposits, from people all over the country, into government securities, is clear evidence of that. They cannot and will not trust the farmers, the manufacturers and others. They want their money where it is secure. So they create their money and lend it to the country, and fasten themselves as leeches upon the body economic of this dominion, to sap the very life-blood from the people; and we allow them to do it and apparently think it all right.

We must have a means of distributing purchasing power debt free, so that it will not depend upon the fortuitous circumstance of more or less borrowers in a given community. The present system, as it is conducted, checks production and consumption, rendering it impossible for the producers to sell their goods and therefore impossible for them to produce more, thereby lowering the standard of living in this wonderful country instead of raising it. The system creates only debt, stagnation, poverty and despair in a land of potential abundance. It is an abuse that screams to high heaven. Hon. members on the government side have talked of the need of preserving the old order, of the sacred trust and responsibility that rests upon them. I admire them for those sentiments, but let me urge upon them that they have an equally great responsibility and an equally sacred trust to bring in the new order before it forces itself upon them.

Mr. VIEN: May I ask the hon. gentleman a question?

Mr. BLACKMORE: I should like, if I may, to be allowed to finish. Later I shall be very glad to answer any question my hon. friend cares to ask, but at the moment I should prefer to finish what I have to say.

At the present time all over the Anglo-Saxon world we are industriously trying to put new wine into old bottles, and it simply will not work now any more than it would in the days of the Saviour. The result is that we are changing altogether too slowly. Roosevelt expressed a thought which I believe applies very well to our situation, in his Constitution Day speech. I hope to have time to read it before six o'clock. I have culled some quotations from that speech, which I believe apply not only to the government but to me and the other members of this parliament. This is not solely your responsibility; it is mine as well, and I know you realize that.

Mr. DUNNING: Would my hon. friend permit me to interrupt for a moment? If he intends to conclude before six o'clock, we might have an understanding that I would ask the Speaker to call it six o'clock at the conclusion of my hon. friend's remarks, if he does not intend to go much beyond that.

Mr. BLACKMORE: I should like to finish before six o'clock.

Mr. DUNNING: My hon. friend is, of course, perfectly free to go on as long as he wishes.

Mr. BLACKMORE: I understand that, and I appreciate it very greatly, but I think I have burdened the house quite sufficiently for this time. Among other things President Roosevelt said:

> In our generation a new idea has come to dominate thought about government—the idea that the resources of the nation can be made to produce a far higher standard of living for the masses if only government is intelligent and energetic in giving the right direction to economic life.
>
> That idea—or more properly that ideal—is wholly justified by the facts. It cannot be thrust aside by those who want to go back to the conditions of ten years ago or even preserve the conditions of to-day. It puts all forms of government to proof. . . .
>
> Modern history proves that reforms too long delayed or denied have jeopardized peace, undermined democracy and swept away civil and religious liberties.

May I pause here to make the observation that the mere development of strains and stresses throughout this dominion, the threats of fascism and communism, are glaring evidences that reform has been too long delayed already in this country.

> Yes, time more than ever before is vital in statesmanship and in government—in all three branches of it.
>
> We will no longer be permitted to sacrifice each generation in turn while the law catches up with life. We can no longer afford the luxury of twenty-year lags.
>
> You will find no justification in any of the language of the constitution for delay in the reforms which the mass of the American people now demand.
>
> Yet nearly every attempt to meet those demands for social and economic betterment has been jeopardized or actually forbidden by those who have sought to read into the constitution language which the framers refused to write into the constitution.

So, Mr. Speaker, those people who have been rejoicing over the disallowance of the Alberta acts, where Alberta has striven to solve this problem for itself, realizing that the central government has neglected its trust, must remember that the selfsame device of hiding behind the constitution has been ap-

plied across the line and in other countries when they have sought to bring about reforms. I continue reading:

But tolerance and fair play would disappear here as it has in some other lands if the great mass of people were denied confidence in their justice, their security and their self respect. Desperate people in other lands surrendered their liberties when freedom came merely to mean humiliation and starvation. The crisis of 1933 should make us understand that.

I believe this government should begin to issue currency and credit in terms of public need, just as the people of this dominion were led to believe it was going to, and as it has signally failed to attempt to do. It should commence to battle the money power, just as the Prime Minister said it would. Even yet the commencement of that conflict is being delayed and delayed until to-morrow.

Therefore, Mr. Speaker, although it pains me in some ways to have to do so, I find myself obliged by the position and the responsibility which I hold to move a vote of want of confidence in the government on the ground that it has failed adequately to use the resources of this country to battle poverty.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

COMPANIES' CREDITORS ARRANGEMENT ACT

REPEAL OF CHAPTER 36 OF THE STATUTES OF 1932-33, 23-24 GEORGE V

Mr. ERNEST BERTRAND (Laurier) moved the second reading of Bill No. 26, to repeal the Companies' Creditors Arrangement Act, 1933.

He said: The purpose of this bill is to repeal the Companies' Creditors Arrangement Act which was passed in 1933. The act was passed unanimously at that time as it was felt it was needed because of the state of business in the country. I have read the debates that took place, both in the house and before the committee. The discussion in the house takes up only a page and a half of Hansard. I think everyone on both sides of the house admitted at that time that this was a most important piece of legislation. The Bankruptcy Act was passed in 1919, and section 13 could have been applied to the condition sought to be corrected by the Companies' Creditors Arrangement Act. Section 13 reads:

Where an insolvent debtor intends to make a proposal for,—

(a) a composition in satisfaction of his debts; or,

(b) an extension of time for payment thereof; or,

(c) a scheme of arrangement of his affairs;

he may, either before or after the making of a receiving order against him—

That section contained subsections which were designed to take care of all arrangements that might be made before a receiving order or an assignment had been made. The section was amended in 1923 when the words "either before or" were struck out. This amendment was made because at that time there was no superintendent of bankruptcy and it was considered too easy for anyone to be appointed a trustee. It was known that in large centres like Montreal and Toronto trustees would go around to interview a company or a man who was being sued and try to induce it or him to make an arrangement with the creditors under section 13 of the Bankruptcy Act. This condition became so bad that the act had to be amended. Later on Mr. Reilly was appointed superintendent of bankruptcy and he succeeded in clearing up the situation. A reading of the discussion that took place in 1933 when the Companies' Creditors Arrangement Act was passed will show that no mention was made of section 13 of the Bankruptcy Act.

Mr. BENNETT: The difficulty was that it did not apply to farmers.

Mr. BERTRAND (Laurier): Section 13 of the Bankruptcy Act did not apply to farmers, but neither did the Companies' Creditors Arrangement Act.

Mr. BENNETT: That was what it was for.

Mr. BERTRAND (Laurier): It applied only to companies.

Mr. BENNETT: Oh, yes, quite.

Mr. BERTRAND (Laurier): We feel that this act should be repealed as it grants to companies a privilege not enjoyed by individuals. As I say, there was no mention in 1933 of the bankruptcy law as it stood in 1919. In my opinion, this legislation was very badly drafted. I would be bold to put forward just my own opinion, so I should like to read some other opinions I have received. The Saint John, New Brunswick, board of trade passed the following resolution on February 15, 1937:

Finally we would recommend that the Companies' Creditors Arrangement Act be repealed. It was enacted during the recent business depression largely to assist debtors during those difficult times. As the business world is once again at normal levels, we submit that there is no longer any justification for the loose provisions of this statute.

The board of trade of Montreal also passed a resolution in 1937 dealing with the same matter. It reads:

This legislation was enacted at a time when the economic strain of the past several years was bearing heavily on trade and was designed to relieve the heavy expense incidental to bankruptcy.

To some extent it succeeded, but to-day there exists among creditors a manifest objection to the act.

Chief among the reasons for this opposition are absence of adequate control of debtors' affairs and the consequent use of this act in order to evade the more strict and exacting provisions of the Bankruptcy Act. In explanation it should be stated that arrangements or settlements are made at metings of creditors. No trustee or inspectors are appointed, no list of creditors is required to be issued, no examination of debtor is required, all permitting a condition not generally conducive to the protection of the creditors' interests.

It is unfortunate that in amending the Bankruptcy Act, parliament in 1923 removed a provision for settlements and arrangements without bankruptcy which existed in section 13 of the 1919 Bankruptcy Act.

The restoration of such a provision would enable all the benefits now possible under the Companies' Creditors Arrangement Act to be included in the Bankruptcy Act with the added advantage, the importance of which cannot be too strongly emphasized, of proper control by creditors and final supervision by the superintendent.

I know that complaints against this legislation have accumulated in the office of the superintendent of bankruptcy. This is quite easy to understand. As is mentioned in the resolution of the Montreal board of trade, this law has no machinery with which to protect the creditors. According to section 17, general rules were to be passed by order in council, but to date they have not been put into effect. Section 11 defines a debtor, and I should like to read subsection 2 of that section. I believe that most of the complaints are in connection with this particular section which deals with the admission of claims. If a company is in difficulty and the creditors want to come to its aid and are willing to compromise, there is always some kind of understanding between the company and the creditors asking for that compromise. It cannot be otherwise in practice, and the main question always is, Who is the bona fide creditor and who is not? Subsection 2 of section 11 reads as follows:

> Notwithstanding anything contained in subsection one the company may admit the amount of a claim for voting purposes under reserve of the right to contest liability on the claim for other purposes.

That is an open door to fraud, and it has been used in a flagrant way for fraud. It is easy to understand, when a company may admit any claim for purposes of voting, reserving its right to have the claim set aside when the time for the distribution of moneys comes, that officials of companies which want to get rid of creditors will have no difficulty in securing a sufficient number of claims for purposes of voting.

I should like to give the house figures on the number of companies that have petitioned to come under this act. In 1935 in Montreal, according to the registrar's office, fifty-five companies made application; in 1936, fifty-two; in 1937, thirty-one; and up to the third of March, 1938, there were eight. So the figures in those years respectively were fifty-five, fifty-two, thirty-one and eight, of companies making application. This, I think proves that business is getting better, and when the board of trade of Saint John, New Brunswick, says that this law was of a temporary nature, I think the facts prove that it is so.

Now let me give the figures of companies in Toronto making application to come under the act. In 1936 there were five companies in Toronto, as reported by Dun & Bradstreet, and fifty-two for the same year in Montreal; in 1937, five in Toronto, and thirty-one in Montreal; in 1938 up to the third of March, three in Toronto, and eight in Montreal. There were a few applications made in other cities, but very few as compared with Toronto and Montreal; and if the figures for Montreal are larger than those for Toronto, it is not that we want to boast about this large number of insolvent companies. I am quoting these figures just to show the great interest that business men have in this question.

Mr. LAPOINTE (Quebec East): Has the hon. member any figures for the other cities?

Mr. BERTRAND (Laurier): The figures have been given to me by the business men of Montreal, and they show that in Winnipeg, according to Dun & Bradstreet, there were no applications in 1936, and in British Columbia for the same year, according to Dun & Bradstreet, there was one application. I have no figures for other cities.

I should like to quote from a memorandum prepared by the board of trade of the city of Toronto. The Toronto board of trade seems to be concerned mostly with one side of the question, that with this act on the statute book, securities could be sold in different states where they would have been barred if the trust deed or the bonds had contained a proviso that the majority of the secured creditors could force an arrangement upon the minority secured creditors. That seems to be the principal reason why these gentlemen are opposing the repeal of the act. According to their own memorandum, the act requires so much reconstruction that I think it is far better to repeal it. As a matter of

fact, Mr. Speaker, we are in this situation to-day, that we have an act which the consensus of opinion of the business men of Toronto, Montreal, Saint John and everywhere else says is having very bad results, and we have either to supplement the act by adding general rules and many other sections, or to repeal the act and insert a few sections in the bankruptcy law that will cure all the above difficulties. I just want to read a paragraph or two of the memorandum prepared by the Toronto board of trade:

As unsecured creditors often have only very small claims and are widely scattered throughout the country—

That is not absolutely true, but I am reading it as it appears here:

—their difficulty has been that usually this type of creditor has not had sufficient interest at stake to warrant adequate representation and close contact with the various steps taken by debtors seeking compromises or extensions under the act. The result of inadequate unsecured creditor watchfulness has been that in all too many instances unscrupulous debtors have succeeded in effecting compromises quite unfair to unsecured creditors.

This was one of the reasons given for the passing of the act, that it would not require a trustee to supervise the arrangement. Even those who were in favour of the act realized that a trustee is needed. It is exceedingly bad to give to debtor companies or debtor persons the choice of three or four different acts under which they can make compromises or come into bankruptcy, because in practice it always works out against the creditor; for the debtor chooses the act where he will meet his creditors in the easiest way. Many company debtors to-day go under the Winding-up Act, because under that act there are no such offences as there are in the bankruptcy law. I quote again from the memorandum of the Toronto board of trade:

Although section 17 of this act contemplates that general rules of procedure thereunder would be made, none have been laid down yet.

And the act has been in force since 1934.

As proceedings under this act are more expeditious than proceedings under the Bankruptcy and Winding-up acts, it has been used extensively by financially embarrassed companies and owing to the lack of general rules of procedure thereunder, it has been applied by some debtor companies in a manner which was both unfair and detrimental to creditors.

I am continually quoting those who are supposed to be against the repeal, because if I should go to the files of those who complain and who are asking for repeal, I should find many other arguments that I could present here.

In a number of cases, companies have obtained court orders under this act summoning meetings of creditors to consider proposals for payment of liabilities in full and copies of such orders and proposals have been sent to creditors with a proxy form made out in favour of the debtor's nominee. In many cases, neither a statement of the debtor's affairs nor a list of its creditors were sent with the proposals. As it is frequently inconvenient for creditors, particularly distant creditors, to attend meetings to consider debtor's proposals, and as there is often insufficient time between the receipt of the notice and the date of the meeting to investigate a debtor's affairs, and as a creditor may lose his vote unless he acts promptly, many creditors who have but a slight knowledge of the existing condition of the debtor's affairs, have completed and returned proxies in favour of the debtor's nominee with the intention that such proxy would be voted in favour of the debtor's proposal for an extension. During the depression, many creditors were willing to consent to an extension rather than risk either a bankruptcy or being forced to accept a compromise.

Another objection to the present act is that between the date upon which the court makes an order staying proceedings against a debtor and the date of the creditors' meeting, any debtor in the manufacturing business which desires to take advantage of its creditors may cut up or convert its readily saleable raw or bulk supplies into goods in process and thereby place itself in a position where its creditors would have difficulty in realizing upon the debtor's assets if the debtor's proposal were to be refused. Creditors should be given some control over the conduct of the debtor's business during this period.

There is no control at all in the law as it is to-day.

Careful consideration of the terms of the act does not indicate any completely satisfactory means of controlling this possibility. It is felt, however, that the provisions for appointment of a trustee, as suggested in the proposed general rules, go some distance towards controlling the debtor's affairs pending consideration of the proposal by the creditors and constitute a strong moral check on undesirable conduct by the debtor.

The act does not provide for the appointment of an independent person to give all creditors or possible creditors reasonable and proper notice of the debtor's proposal and of the meeting to consider it, or for the appointment of an independent party to receive creditors' proxies and to record creditors' votes. The act does not require statements of the debtor's affairs to be verified by affidavit and filed with the court or for a summary of such statement and a list of creditors to be sent out with the original proposal or to be submitted to the meeting of creditors. A statement of affairs prepared by the debtor but unaccompanied by any declaration as to its accuracy is generally produced at the meeting of creditors but unless some licensed trustee has been consulted by the debtor, the statement submitted often fails to classify the creditors (secured, preferred and unsecured) or to disclose the true position of the debtor's affairs.

As I said a few moment ago, we are in this situation, that if we leave this act on the statute book, the complaints and the

frauds that have been going on will continue until it is amended; and if we add to the act all the provisoes and rules that are wanted by some gentlemen in the business world, it will take probably another year before the amended law can come in force and we shall have to complain again of the act as it exists to-day and as it will remain in the meantime.

I know that some representation has been made to the government in connection with the amending of the Bankruptcy Act, but I have no authority to say whether it is to be amended or not. But a few words in section 13 as it was in 1919, the words "either before or after," and two or three sections that would replace section 13, subsections 3(c) 3(d) and 3(e) as they were from 1919 to 1923 would absolutely give the same security to any company willing to compromise with its creditors without going into bankruptcy.

Big corporations do not seem to like the word "bankruptcy." They might be bankrupt; they might owe more than all the assets combined; and yet they do not want to be termed "bankrupt." In 1919 section 13, subsection 3(e) of the bankruptcy law had a proviso stating that when proceedings are taken under the immediately preceding four subsections, that is when there was no receiving order or authorized assignment, all other applicable provisions of this act would apply, but no document in such proceeding would be headed "The Bankruptcy Act," nor would the term "bankrupt" or "bankruptcy" or "assignor" or "assignment" be applied to a person who before any receiving order or authorized assignment has been made makes a proposal for composition. This amendment would have the advantage of giving the same right to an individual as it gives to a corporation to-day under this act. For these reasons I move that the law be repealed.

Hon. C. H. CAHAN (St. Lawrence-St. George): I believe that the hon. member for Laurier (Mr. Bertrand) has an entire misconception of the purpose of the act which he seeks to repeal and of the valued services which that act has given to the commercial community as a whole. As a matter of fact, for two years and a half, while I held the office of Secretary of State, only one complaint ever came to that office with regard to the administration of the Companies' Creditors Arrangement Act, and that was from the province of Quebec, where it was alleged that proper notice had not been given. When I called the attention of the judge to it, the judge showed that there had been a misconception of his order; he made his order clear, and the result was that there was no dissatisfaction in that case.

This act is not a bankruptcy act. A bankruptcy act has been used, so far as I have had experience, too frequently for the perpetration of the worst kind of frauds. It has been used for the purpose of enabling a few creditors to drive a company, often a competitor, into bankruptcy, to compel the liquidation of its assets by forced sale, and to destroy altogether the goodwill of the business. Time after time it has been used by creditors to conjure up claims for the purposes of driving their rivals into bankruptcy without any hope of redemption.

Mr. BERTRAND (Laurier): May I ask a question?

Mr. CAHAN: The hon. member can ask questions before we close the debate; he will have ample opportunity. As a matter of fact this act of which the repeal is sought, is, in simple terms, practically a reenactment of certain sections of the English Companies Act. In England, in that large business community where commercial and industrial affairs are carried on chiefly by companies, it was found necessary to insert certain clauses in the Companies Act to enable the creditors of the company to make friendly compromises with the company; and if three-quarters of the creditors of any particular class agreed, they could force a dissentient one-fourth into accepting a compromise which was approved by the court.

I have no time to-night within forty minutes to call attention to injustices I have seen perpetrated in my own experience by a minority of creditors, who, for their own personal ends, have precluded satisfactory, amicable arrangements being made between creditors and companies.

The hon. gentleman says that no rules have been formulated as provided in a certain section. The fact is that it never was intended that such rules should be formulated or put into force by the governor in council unless it should be found that the ordinary procedures of the court were inadequate for the purposes contemplated. In this case a thorough investigation was made of the procedure in each of the provincial courts, and we found that the proceedings for approval of a compromise, if made either by originating summons, as prevails in many of the English speaking provinces, or by petition, or by motion, as in other provinces and especially in Quebec, would be governed by the ordinary rules of procedure prevailing in the courts; and it seemed to me better—and I still think it was far better—that in entering into provincial jurisdiction the rules of procedure which prevail in each provincial court should

prevail in this case. If there is any complaint whatsoever with regard to the administration of this act in the courts, it is not because of lack of rules, because the Judicature Act prevails in the provinces except Quebec, and under it, as every lawyer here knows, the rules are ample and adequate for the purpose. In the province of Quebec, under the code of civil procedure, the rules there enacted are adequate in respect of every petition and original motion made before the court. There, if a motion is made, the parties interested may examine upon oath all parties concerned, and a judge in chambers hears all parties who wish to be heard and gives a just decision accordingly as to whether a scheme or arrangement which is come to under the act is made in good faith and is a fair arrangement for all the parties concerned.

This is not only a proceeding between the creditors as a whole and the debtor; it is a proceeding which enables any class of creditors by a majority holding three-fourths of the credits to approve a compromise as between that class of creditors and the debtor company. That is made to obviate the possibility of a small minority of any class of creditors serving their own selfish interests by holding out against a fair and equitable compromise. And that is the rule in England, as it is the rule which is prescribed by this act. In arranging for a revision of the Companies Act I would certainly have followed the English act and placed these very provisions in it. But certain lawyers of Ontario and Quebec and some others thought that it would not be possible to accomplish the end in view by drafting an act which would be within the legislative competence of the parliament of Canada.

This legislation, before its enactment, was advertised as few acts are that pass this parliament. The bill was circulated from one end of the country to the other; it was placed before commercial and financial men in every part of the dominion. The act was not drawn clumsily. I am not seeking credit for myself; but I say: Place the act before any competent lawyer or judge, and I am sure he will say that the bill was drawn with the utmost care possible in order to keep it within the legislative jurisdiction of parliament. It was based on the presumption that the rules of court which prevail with respect to procedure would be applied to every motion or petition made under the act. But in order that there might be power in the governor in council, in case it was shown that the rules in any particular court were inadequate, right was reserved to the governor in council to make rules for that purpose.

[Mr. Cahan.]

During the two and a half years which elapsed after the passing of the act before I ceased to be Secretary of State, there was no complaint from any quarter, while the mere enactment of the measure gave necessary and sufficient relief throughout the country; for when it once became known that a creditor, one out of a hundred, or two or more out of a hundred, could no longer hold out and defeat an equitable compromise in order that any creditor might obtain his own pound of flesh, or in order that he might exercise his right of dissent so as to destroy a competing company which should never be destroyed, then all creditors began to make reasonable arrangements with their debtor companies. Many were made that did not come under the act at all. Competent business men met together, and after discussion agreed to a fair compromise between the debtor company and its creditors, as they do frequently as between an individual debtor and his creditors. In so far as it made fair play necessary, it conduced to amicable and satisfactory settlements between debtor companies and their creditors.

But to return to the English act. The English have their bankruptcy law; they have their winding-up acts. There is there but one jurisdiction with respect to companies; here there are several jurisdictions, generally divided between the provincial and the dominion. And the difficulty in drafting this legislation was to draft an act which would not only apply to dominion companies but give the same relief to all provincial companies, whether organized under provincial charters or by special statutes of the provincial legislatures. And that object was attained because after a most thorough discussion, at which all parties were represented before the court, the Supreme Court of Canada on a reference held this act intra vires of the parliament of Canada. Therefore I wish to call attention to the English act and to its provisions. Section 153 of the English act provides that:

(1) Where a compromise or arrangement is proposed between a company and its creditors or any class of them, or between the company and its members or any class of them, the court may, on the application in a summary way of the company or any creditor or member of the company, or, in the case of a company being wound up, of the liquidator, order a meeting of the creditors or class of creditors, or of the members of the company or class of members, as the case may be, to be summoned in such manner as the court directs.

There are no special rules in the English act for the summoning of the meeting; but the ordinary rules of practice under the Judicature Act apply. The same Judicature Act

is in force, I think, in every province except Quebec, and those who are acquainted with the code of civil procedure in Quebec know that ample provision is there made for the summoning of all parties interested in order that they may be represented before the court which assumes jurisdiction.

Then subsection (2) of the same English act reads:

> If a majority in number representing three-fourths in value of the creditors or class of creditors, or members or class of members, as the case may be, present and voting either in person or by proxy at the meeting, agree to any compromise or arrangement, the compromise or arrangement shall, if sanctioned by the court, be binding on all the creditors or the class of creditors, or on the members or class of members, as the case may be, and also on the company or, in the case of a company in the course of being wound up, on the liquidator and contributories of the company.

That act was passed by the parliament of the United Kingdom which had jurisdiction over the incorporation of all companies, jurisdiction not only with respect to companies in financial difficulty, between creditors and the company, but in conflicts between shareholders inter se. Therefore, as this parliament has no jurisdiction in conflicts between the shareholders of a provincial company, it was provided in this statute—and the Supreme Court of Canada held it to be a competent statute—that the provision in the provincial acts relating to conflicts between classes of shareholders should be applied in the case of a provincial company. But in respect of any conflict between creditors and the debtor company, that is entirely within the jurisdiction of the parliament of Canada, and the supreme court has so held.

Now that English act provides for compromises. They may be between a class of creditors and the company, or between the creditors as a whole if there are none of a particular class outstanding. It provides that the ordinary rules of procedure of the courts shall apply, and that is what we followed in this act, with a special provision that if it were found necessary to make new rules to overcome any fault or default in the proceedings, the governor in council was given the authority to make, alter, revoke or reenact such rules, or to delegate to the judges of the court in any district the right to make new rules. There is no deficiency in the act with respect to rules.

This act was not intended as a temporary one. It was deemed necessary for the amicable adjustment of all disputes arising between creditors and the debtor companies, amicable adjustments which would obviate the necessity of driving the debtor company into bankruptcy and having its assets sold in bulk, as they were being sold in bulk, for very low prices.

I wish to call attention to the fact that I have no knowledge of the memoranda from which the hon. gentleman has read. I do not know whence these memoranda were obtained, whether they were special petitions sent to the hon. member for Laurier (Mr. Bertrand) or whether he obtained them from the superintendent of bankruptcy.

Mr. BERTRAND (Laurier): The memorandum which I read came from the board of trade of Montreal. It was passed in November, 1937.

Mr. CAHAN: But I was wondering where the long memorandum came from.

Mr. BERTRAND (Laurier): It was sent to the Minister of Justice, and seeing that I had this bill before parliament they sent me a copy of it.

Mr. CAHAN: I thank the hon. gentleman for this information, but it does not influence my judgment that a committee of the board of trade even in my own home city have passed a resolution of that kind. I have seen so much of the ruthlessness of creditors who happened for the time being to hold the controlling vote in dealing with debtors, when better motives and more lenient measures should apply, that I am not surprised that some of these hard-hearted men are disgruntled at the prospect of this act being retained upon the statute books.

I have not had time to examine the return brought down by the Secretary of State, but, as a matter of fact, I think it shows that less than ten companies incorporated under the dominion statutes have applied for and obtained relief under the act. That number of compromises having been filed in the returns to that department does not show a large misuse of this statute with regard to dominion companies. I do not know as to the accuracy of the figures quoted by the hon. member for Laurier; I am bound to accept them although I do not know where they came from; but in a time of great financial distress such as prevailed during the last two and a half years that I had charge of the Department of the Secretary of State I was really surprised that so few cases arose.

The reason so few cases came up was that when a minority of the creditors of any class, that is, representing less than twenty-five per cent in value, found that there was a way by which they could be compelled to give to the debtor company a reasonable compromise which would enable it to pay its debts and retain its property for future industrial or

commercial business, such minority readily entered into that reasonable compromise. As has been discovered in England, as indicated in the English act, where a certain proportion of all the creditors, representing at least three-quarters of the value, are willing to accept a reasonable compromise or arrangement, which is placed before a judge who after a thorough investigation approves it as being fair and equitable, then it is not unreasonable that the small dissentient minority should be compelled to come in and accept the terms that are offered to all.

I would regret very much to see this act repealed. We had stress and strain in 1930, 1931 and 1932. The number of companies that were ruthlessly driven into bankruptcy, without a chance of retrieving their position, was considerable. Bankruptcy frauds were prevalent, too, in those days. I have no doubt that they have been somewhat remedied by a better administration of the Bankruptcy Act; but the sole protest that came to me with respect to this act, after the bill had been distributed from the Atlantic to the Pacific, came from trustees in bankruptcy, gentlemen who had been appointed by the government as qualified trustees, who thought this act, which permitted a reasonable and amicable compromise, might take away a considerable portion of the fees they were receiving out of bankruptcies. They made their protests accordingly, some of which I have no doubt will be found in the files of the bankruptcy branch of the Department of Finance. But that has been entirely obviated. The act is being administered fairly. There may be rare cases where some judge who administers the act is not thoroughly informed as to company law, and perhaps does not fully realize the responsibilities which he assumes as the judge in charge of such an arrangement as this. It is only in such a case that a fraud could arise, because so long as you have a competent judiciary administering the act no frauds are possible under it.

I would regret the repeal of this legislation, and I would regard it as a backward proceeding at this time. Some hon. gentlemen may think the worst of the depression is over. Perhaps it is; perhaps the country is so prosperous that there will be few companies getting into financial difficulties under the present regime. But this year is not the end of all things. There may be other financial recessions or retrogressions; and if you have an act like this upon the statute books of Canada, in practically the same terms as the English act, you will find that it will afford relief to many honest debtor companies which should be placed in a position to meet their creditors and, by amicable agreements and arrangements, arrived at in good faith, come to satisfactory terms with them. If you take that act off the statute books, you will find the same difficulties arising that arose during the recent depression, certainly during the last two or three years before this act was brought into force.

Mr. D. A. McNIVEN (Regina City): Mr. Speaker, if there is one type of legislation with which I have little or no sympathy it is bankruptcy legislation, and in particular the Bankruptcy Act. As it is applied in this country that act disposes of the assets of the bankrupt at whatever price they will bring. The organization is disrupted; the good will of the company is depreciated and ultimately lost. That, I think, is a fair summary of the operation of bankruptcy legislation. When I heard the hon. member for Laurier (Mr. Bertrand) suggest that certain individuals did not like bankruptcy, I wondered if there were any who did like bankruptcy proceedings, not only because bankruptcy brings about the results I have just indicated but because, in the case of an individual, for all time or in any event for a great number of years he carries the stigma of bankruptcy and there is an order following his earnings during that period.

It was for these reasons that I regarded very favourably the legislation referred to as the Companies' Creditors Arrangement Act. From what experience I have had of its operation, and from comments that have been made to me by creditors both large and small and by interested companies, I have found that it works out very fairly in its operation and that its provisions are very much appreciated.

SUPPLY

USE OF CANADA'S FINANCIAL RESOURCES FOR ELIMINATION OF POVERTY—AMENDMENT OF MR. BLACKMORE

The house resumed consideration of the motion of Mr. Dunning for committee of supply, and the proposed amendment thereto of Mr. Blackmore.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, the motion of the hon. member for Lethbridge (Mr. Blackmore) is an amendment to the motion that you leave the chair for the house to resolve itself into committee of supply. It is therefore, as the mover indicated, a vote of want of confidence.

I shall not deal with the language of the amendment, then, for the reason that while naturally it would command the support of

most if not all of those opposed to the government, it is really intended by the mover as a vehicle for the discussion of the financial theories advocated by the social credit group, and a discussion of the control of currency and credit in Canada generally. It is in that sense that I shall attempt to-night to discuss currency and credit in Canada. I do so with a very keen appreciation of the responsibility attaching to words uttered in relation to this subject by anyone who occupies the position of Minister of Finance, but I shall hope to avoid any mistakes or any slips by sticking as closely as I can to the text which I have set out for myself to follow.

During this session there have been frequent references to monetary reform, not only by those who profess so-called social credit principles but also by many other members. The right hon. leader of the opposition, while not very specific, stated on one occasion that we should not be incapable of making progress in monetary reform. He made general references to what had been done in Australia, New Zealand and South Africa, but he was very careful to point out that while these dominions had acted with great courage, conditions differed in different parts of the empire. He said that what was true in one dominion could not always be said to be true in another. Other hon. gentlemen have also referred to monetary policies and some have suggested various experiments in monetary reform.

First let me say that in my opinion it is unnecessary and confusing to speak about the need of enacting new laws in the field of monetary policy. Parliament has set up an institution, now controlled by the government, charged with the specific duty of regulating the volume of currency and credit in the best interests of the economic life of the nation. Those words I quote from the statute itself. That is now the function of the Bank of Canada. The bank is already in operation, and I am convinced that its directors and officers are attempting to perform their high task to the best of their ability and with a singleness of purpose that excludes all considerations except the promotion of the permanent welfare of the general mass of people in this country. Many hon. gentlemen realize what they have been doing. Some may not agree that what they have been doing is best for our country; but in order to keep the issue clear, let us agree that when hon. members advocate some experiments in monetary policy, some vague monetary reform, what they are really doing is criticizing the policy of the Bank of Canada. Of course that is the right of any hon. member, but we will avoid confusion if we define the issue clearly.

I propose, therefore, to say something about the policy which the Bank of Canada has been following as shown, not by confidential information available to me in my official capacity, but by the bank's published statements. To make clearer the results already accomplished, I shall find it necessary to review briefly the Canadian monetary policy during the whole depression. Before doing so, however, it might be well to define our terms and to refer briefly to the methods by which the Bank of Canada can perform its primary purpose of controlling the volume of currency and credit in use.

By the term "currency" most of us refer to money in its narrower sense, that is to say, our bronze, nickel and silver coins, and our paper money. Our metallic coins are merely the small change of ordinary business transactions, the hand to hand money convenient for the purpose of making change. The volume of these coins in circulation is practically self-regulating. We issue them from the mint through the Bank of Canada in accordance with the public demand. If business activity and particularly retail trade are expanding, if prices are rising, the public will require more of them and the Bank of Canada will receive requests from the chartered banks to ship more five or ten cent pieces to the maritimes, more fifty cent pieces or more silver dollars to British Columbia, and so on. If we shipped more than the needs of business demanded, they would merely pile up on the bankers' shelves and become redundant. They constitute no real problem of monetary policy.

Paper money in Canada now consists of two types: first, chartered bank notes and, second, Bank of Canada notes. Chartered bank notes are subject to rigid limitation under the existing law as to maximum issue. That maximum will decrease year by year until 1945 when the banks will have the right to issue only up to twenty-five per cent of the amount of their paid-up capital. Bank of Canada notes may be issued by the bank subject only to the limitation that the bank must keep a reserve of at least twenty-five per cent in gold against its total note and deposit liabilities. The small denominations of Bank of Canada notes, chiefly the ones, twos and fives, constitute the large change of hand to hand circulation. In addition, Bank of Canada notes have another important function. Being legal tender they may constitue legal reserves for the chartered banks. In other words, our chartered banks

keep Bank of Canada notes as well as deposits in or balances with the Bank of Canada as the cash reserves which they are required to maintain against their demand liabilities, comprising both notes and deposits within Canada.

I shall not introduce the qualifications I would be required to introduce if I were dealing with the regulation of currency and credit under gold standard conditions. Contrary to what I sometimes read in newspaper editorials, we are not on the gold standard and are not subject to its deflationary or other controlling influences. We have long since cut adrift from gold. For better or for worse, for the time being at least, we are on a managed paper standard, just as is the United Kingdom. It is true that the Bank of Canada is required to keep a minimum gold reserve of twenty-five per cent of its combined note and deposit liabilities, but the value of our currency is determined not by gold but by the principles which govern managed paper standards and which may be summarized as demand and supply. So much for currency.

Now let us turn to the regulation of credit. What do we mean by "credit" in this limited sense? For our present purpose "credit" means circulating credit or bank deposits. As everyone knows, the story of the last century or more, particularly in the Anglo-Saxon countries, is a story of the gradual rise of bank deposits to perform the monetary work of the business world. As a circulating medium bank deposits have been found to be infinitely more convenient than currency, and to-day in Canada, in the United States and in the United Kingdom, they are the vehicle by which ninety or ninety-five per cent of business transactions are effected. As they are in quantity the most important by far of all our circulating media, and moreover, since they are subject to wide swings of expansion and contraction, it is the control of their volume to which we mainly refer when we speak of the central bank's function of controlling the volume of currency and credit in use.

I come now, Mr. Speaker, to the methods by which the central bank exercises this power of regulation and control. These methods will warrant careful study by all hon. members, but here I can do little more than refer to them.

Briefly stated, the Bank of Canada exercises its control over the chartered banks by operating on the cash reserves of the banking system, either by conducting so-called open market operations or by altering its rediscount rate, or by both. Our chartered banks, like all commercial banks, are accustomed to keep a certain proportion of cash as reserves against their note and deposit liabilities. In practice they have found it necessary to keep this cash reserve in order to be able to meet the demands for cash that may be made upon them at any time by their note holders or by their depositors. In Canada the cash reserves of our chartered banks consist of notes of the Bank of Canada and deposits by the chartered banks with the Bank of Canada. Speaking of the banks as a whole, the proportion or percentage of cash which the banks keep is in practice about ten per cent, and by law it must be at least five per cent. The Bank of Canada can expand or contract these collective chartered bank reserves at will, always providing that it can buy and sell securities or other suitable assets when it wants to. It is the buying and selling of securities for this purpose by the Bank of Canada that are commonly known as open market operations.

Suppose, for example, that the Bank of Canada buys ten million dollars' worth of securities. Then, no matter from whom it buys those securities, the reserves of the chartered banks as a whole will rise by the amount of ten million dollars. If it buys from other banks, their accounts at the central bank will be credited, and those accounts are part of the chartered banks' cash reserves. If it buys from an individual, then that individual pays the money into his account with his bank, and when that bank presents the cheque to the central bank to be paid by it, then that chartered bank's reserves at the central bank are raised by the same amount. Obviously, if each chartered bank has some percentage of cash reserves which it thinks it is necessary to maintain, the banks which eventually are credited with the additional cash and which thus find their cash reserve percentage increased, will wish to reduce it again. Otherwise they are losing the opportunity of increasing their earnings. Consequently such banks will take steps to increase their own assets and deposit liabilities by amounts sufficient to reduce their cash reserve percentages to near the customary level again.

As we have seen, the Canadian chartered banks as a group think it expedient to maintain an average reserve of ten per cent, and consequently if, as a result of the purchase of ten million dollars' worth of securities by the central bank, the reserve of the chartered banks has been increased by ten million dollars, the chartered banks will seek to expand their assets and deposits by approximately one hundred million dollars. Thus it is that security purchases by the Bank of Canada tend

to expand bank deposits in the country by approximately ten times the amount of the transactions.

You may ask just how the chartered banks will expand their assets and deposits as a result of open market operations by the Bank of Canada. If the chartered banks can find good borrowers they will tend to increase their ordinary commercial loans, and by so doing increase their deposit liabilities by a similar amount. Otherwise they may buy investment securities which will usually earn them a considerably lower rate, or they may expand partly in one way and partly in the other. Either move will increase the aggregate of deposits of the banking system as a whole.

It is of interest to note that the chartered banks will all expand more or less in proportion to their relative size. Otherwise some will lose cash reserves to others and will find their individual cash reserve percentages dropping too low.

I have referred to the effect of the Bank of Canada purchasing securities. Precisely the opposite effect will ensue if the central bank sells securities. There will be a corresponding fall in the cash reserves of the chartered banks, a reduction of the average cash reserve of the banks as a group, and a consequent necessity for collective contraction of deposits on the part of the banking system.

The second well known mechanism by which the central bank exercises control is the deliberate raising or lowering of its rediscount rate. High rates, of course, tend to contract business enterprise, and low rates tend towards expansion.

Mr. BENNETT: But there are no rediscounts in Canada.

Mr. DUNNING: The rediscount rate is in effect; I shall come to that in a moment. I was saying that high rates tend to contract business enterprise, and low rates tend towards expansion. The control exercised by this method is indirect rather than direct, and it may not be very effective unless there is a well developed money market sensitive to changes in discount rates. These are the major weapons which the central bank may use in carrying out its primary function of controlling the volume of credit and currency in use in the country.

In order to obtain a proper perspective from which to consider how far the bank has carried out its duties, let us glance back over the course of monetary policy during the depression. It will only be necessary to call attention to a few salient points. We recall too keenly the vicious spiral of deflation which pursued its devastating course from the end of 1929 until the beginning of 1933. On December 31, 1929, Canadian deposits of the chartered banks totalled $2,270,000,000. This volume of deposits was based on a cash base of about $228,000,000, which had been expanded rapidly as a result of advances made under the old Finance Act. These advances had increased to $81,700,000 on December 31, 1929. By October 31, 1932, the cash in Canada had been reduced to $183,000,000, of which only $27,500,000 was based on Finance Act advances, and Canadian deposits had shrunk to $1,960,000,000. This represented a contraction of over fourteen per cent in circulating credit.

I shall not take time to debate the difficult theoretical problem as to whether this credit contraction was the cause or the result of the liquidation of business and the fall in prices. I shall merely state what I believe to be the prevailing view among competent economists, that while in the early stages of the depression the contraction of credit was probably largely the reflection of the decline in business and prices caused by fundamental economic maladjustments, yet after a time the monetary and credit factor became definitely an important cause.

From early in 1931 to the United States banking crisis in March, 1933, credit liquidation was certainly a factor operating with cumulative force to aggravate the decline in business and prices. Here was a time when, if ever, the use of monetary policy was justified as a weapon against the ravages of deflation. In my opinion, an opinion held at that time as well as now, conditions in this country were such as to warrant prompt and courageous experiments of the type which my right hon. friend the leader of the opposition (Mr. Bennett) apparently has now in mind. However, no action was taken until about the close of this deflationary period, in November, 1932—

Mr. BENNETT: And the exchange situation was the cause.

Mr. DUNNING: Yes. I shall give my right hon. friend credit, if he will have patience.

Mr. BENNETT: I am not concerned with that.

Mr. DUNNING: —when my right hon. friend persuaded the chartered banks to issue $35,000,000 under the Finance Act in order to relieve the cash shortage which had developed and which threatened to become more acute. I am not inclined to criticize my right hon. friend for the action he then took, certainly not for his general objectives. My real criticism would be directed rather against

the tardiness of and perhaps also the lack of vigour in his measures. I realize, of course, that the machinery which was available to his hand was inadequate and cumbersome, and that any bold and aggressive measures would have been bound to meet the strongest possible resistance from the orthodox financial world.

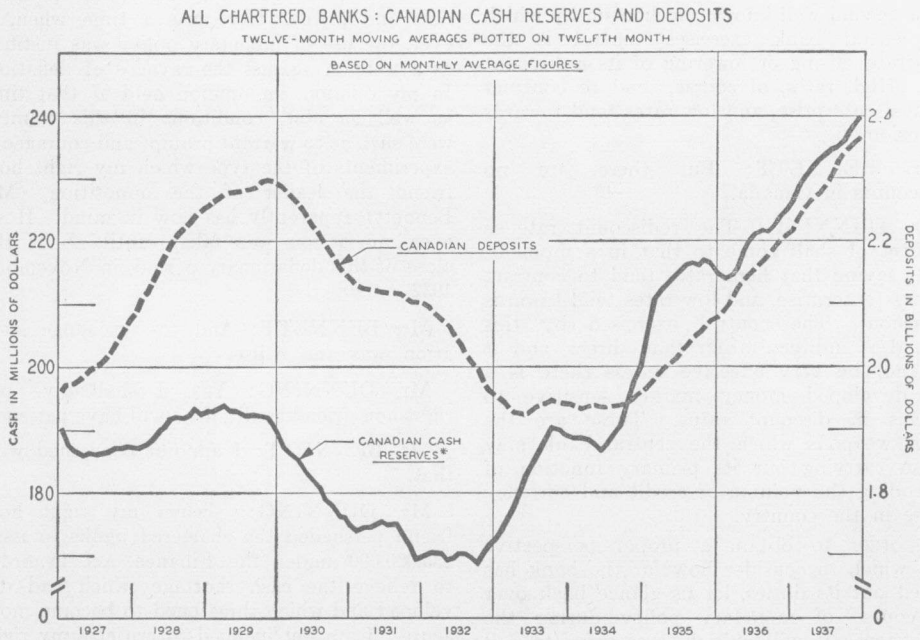
The expansion of bank cash, which began in November, 1932, was soon followed by a cessation of the declining trend in Canadian deposits; and when, following an amendment to the Dominion Notes Act of June, 1934, a further substantial expansion of bank cash occurred, Canadian deposits began a rapid rise which has continued until the present time. In March, 1935, the Bank of Canada commenced to operate as a central bank and assumed responsibility for the regulation of the cash reserves of the chartered banks and consequently of the volume of credit in circulation. Recognizing that the regulation of the country's credit and currency was so vital a sovereign function that it could not be left in the control of a private institution, this government in 1936 amended the Bank of Canada Act to give the dominion government effective control over the bank by majority ownership of the capital stock and majority control of the board of directors.

Mr. BENNETT: No wonder you laugh.

Mr. LAPOINTE (Quebec East): I cheer. I do not laugh.

Mr. DUNNING: I think it may now be fairly said that one of the difficulties which my right hon. friend was concerned with in 1931 and 1932 has been removed. Canada's financial machinery is now adequate to enable the government to cause effective action to be taken in the field of monetary policy to the extent that monetary methods may be appropriate to solve our problems.

To enable the house to follow my discussion of past and present conditions, I have had placed on the desks of all hon. members a chart showing clearly the trend of the cash reserves in Canada and Canadian deposits of the Canadian chartered banks. The chart shows the course of these two fundamental factors from the beginning of 1927 until the end of 1937. If hon. members follow these two curves, they will note the rapid expansion of credit in the boom years, the drastic deflation in the early years of the depression to which I have just referred, the effect of the action taken in November, 1932, and in the fall of 1934, and the expanding trend of bank cash and Canadian deposits from 1934 right up to the present time.



* Prior to March, 1935, these reserves are the sum of gold and coin held in Canada, holdings of Dominion notes, and deposits in the Central Gold Reserves not required as backing for excess chartered bank note circulation; in March, 1935, and after they consist of deposits with the Bank of Canada and holdings of Bank of Canada notes.

I think this chart may come as a revelation to some who have been inclined to criticize Canadian monetary policy of recent years as deflationary or insufficiently expanding.. Consider the figures. On October 31, 1932, as I have already stated, cash in Canada was $183,000,000, of which $27,500,000 was due to bank borrowing under the Finance Act. As of the same date Canadian deposits had fallen to the low level of $1,960,000,000. On March 31, 1935, the end of the first month in which the Bank of Canada was in operation, the cash reserve of the chartered banks was $200,600,000, and their Canadian deposits were $2,033,600,000. As at December 31, 1937, bank cash had increased to $250,000,000 and Canadian deposits had increased to $2,387,000,000. It should be noted that this expansion in bank cash has taken place despite the fact that the chartered banks have not been borrowers at the central bank. There are only one or two instances of such borrowing, and only for very short periods. It should be noted also that Canadian deposits—and, mark you, these represent the credit which does ninety to ninety-five per cent of the money work of Canada—are now at a level nearly twenty-two per cent above the figure for October 31, 1932, and over $117,000,000 higher than at the end of the boom year 1929. Is it any wonder that I find some difficulty in restraining myself when I read certain newspaper editorials and listen to certain speeches?

Let us approach these figures from a different angle. It is usually the case that an argument with regard to monetary policy can never be settled, because it is impossible to determine exactly what would have happened if some other policy had been followed. But in the case of Canada during the last five or six years we can get some idea of what the banking and monetary situation would have been if no action had been taken in the monetary field. I assume first of all that the chartered banks would have regarded the Finance Act as a temporary source of funds for seasonal purposes. They would not have been willing to remain indebted to the government for long periods of time. Such an attitude on their part is a perfectly proper and understandable one. Rediscount facilities are intended to fulfil temporary needs and not to supply permanent or semi-permanent requirements. On this assumption the cash reserves of the banks to-day would be about the same as they were in October, 1932, after making two deductions. The first deduction represents the amount they were then borrowing under the Finance Act, namely $27,500,000. The second deduction represents the subsequent increase in the active note circulation after making allowance for the notes which could have been supplied by an increase in the chartered banks' own issues. Making those two deductions, I assume that the amount of bank cash to-day would have been about $114,000,000 if no action had been taken to remedy the situation. As I do not believe that the banks would have found it wise to operate on a cash ratio of less than, say, 8½ per cent, which is a very low ratio indeed, their Canadian deposits would have been in the neighbourhood of $1,340,000,000 instead of the actual figure of $2,387,000,000, as they were at December 31, 1937. Naturally their assets in the form of loans and investments would have been lower by an approximately equal amount.

I realize fully that the situation which I have just outlined would have been found intolerable long before 1938, and that action to remedy it, first perhaps by temporary measures and later by the creation of a central bank, was inevitable in the best interests of this country. But let me contrast the situation as it threatened to be with the situation as it has actually been. First of all, by appropriate monetary action, the increase in note circulation required for use by the public because of better business, increased employment and higher payrolls, has been taken care of by the central bank with no drain on the cash reserves of the chartered banks and therefore no need for curtailment of credit or liquidation of investments. On the contrary, the cash reserves of the banks have actually been increased by an amount which has enabled them to expand their commercial loans and to add substantially to their investments. The keen desire of the banks to find remunerative employment for their funds has meant that no borrower to whom they thought it was reasonably safe to lend had difficulty in obtaining the accommodation he required. Governments which command the confidence of the investing public have been able to do a tremendous amount of new financing and refunding at very low rates of interest. Corporation refunding and repatriation of debt have been accomplished on a large scale, and an increasingly effective treasury bill market has been developed.

Lastly, we have to-day a monetary structure which is fully capable of meeting without strain the requirements of an increasing volume of business as and when developments in the non-monetary field create a demand for additional funds; and we have a central banking organization which provides the machinery for such adjustments as may seem desirable from time to time.

It is perhaps not unnatural that what has been done in the monetary field has not attracted the attention of the average man. But the very fact that our monetary machinery is thought by so many to have done nothing when, in fact, it has done so much, is to my mind a testimony to the quiet effectiveness of the policy followed. There has been no crying from the housetops, no spectacular announcements of policy followed by reversal of that policy. These things may attract newspaper attention, but they disturb the normal course of business and tend to defeat their own ends. On the other hand, let me assure you, sir, that there has been no concealment in these matters. The figures are available for those who care to study them.

Anyone who takes the trouble to do so can find the Bank of Canada's policy mirrored in its own weekly statements, and the effects of that policy in the monthly statements of the chartered banks. Contrast, for instance, the first weekly statement issued by the bank on March 13, 1935, with the statement for December 31, last, and you will find some illuminating changes. During that period of about two and three-quarter years the bank's note circulation has increased by $68,000,000. Its investments increased by $36,000,000, and gold is up $73,000,000 because of the revaluation which took place in July, 1935. Finally, chartered bank deposits with the central bank and their holdings of Bank of Canada notes have risen by $41,000,000. This latter total is the increase in bank cash which has made possible an expansion of over $350,000,000 in Canadian bank deposits or Canadian credit during that period of two and three-quarter years.

Mr. BENNETT: Invested in Canadian securities.

Mr. DUNNING: Some of it. I submit that this is a record of which we may well be proud. It is a story of the carrying out of an easy money policy demanded by the public good. It is a story of efficient administration characterized by a full mastery by the management of the bank of complicated monetary technique and by a thorough grasp of sound objectives for the Canadian people as a whole. Some apparently think that it has not been pushed fast and far enough; there are others who fear the reverse may be the case. These latter, in my opinion, are too much bound down by what they regard as orthodox tradition, and too little conscious of the pressure which had been crushing so many important parts of our economy. The super-expansionists, on the other hand, are too little aware of the complicated forces with which we are dealing, too inclined to oversimplify the problem, too blind to the probable repetition of the evils of such a hectic inflationary boom as has caused much of the misery from which we have been suffering since 1929. In this, as in so many other cases, wisdom is likely to be found in the middle course.

I am sure the house will desire to know on what basis the Bank of Canada has determined the policy which it has followed. In other words, what are the criteria which must guide the central bank in carrying out its important task? What economic factors does it watch? How does it interpret current trends? By what objective standards does it decide that it should go so far and no further, to quote the act, "in the best interests of the economic life of the nation"?

These are very difficult questions to answer. There is no simple mathematical formula which the bank can use to find an easy answer to its fundamental problem, no single test which it can use. If there were such a simple formula or a single test, we should probably not need a central bank with its highly specialized staff. There is little difficulty in defining the general objectives of the central bank and of the government which controls it. These objectives are the maximum possible sustained level of productivity and the minimum possible level of unemployment. Monetary policy in itself cannot enable us to reach these objectives. A bad monetary policy can impede us; a good monetary policy will assist progress towards the desired ends if other factors are favourable.

If the country is suffering from abnormal unemployment and if the volume of production is relatively low, then there is a prima facie case for an easy money policy. If production and employment in the country as a whole are at a high level, the objective is naturally to maintain the equilibrium. Gradual growth in the population of productivity per capita might in such case call for a moderate enlargement of the credit base, that is, the cash reserve of the banking system year by year. The third case which we may visualize is one in which boom conditions, sure to be accompanied by unwise use of credit and increased maladjustments, are seen to be developing. In such circumstances the central bank may try a direct attack on the source of trouble if it is limited in its character; but if it is widespread, general restrictive action may be necessary.

This description of monetary policies, which might be appropriate under varying conditions, is of course of a most general nature. I shall try to supplement it by indicating some of the things which a central bank must study

in order to arrive at an appraisal of the existing state of affairs. The most important indications will be found in a study of all data relating to production, distribution, and employment; changes in the general price level of wholesale and retail goods, in the cost of living and in the relationship of these one to another; any available information regarding changes in the relationship between prices of consumers' and producers' goods, manufactured goods and primary commodities, especially foodstuffs; and changes in import and export prices, in other words, the "terms of trade." Lack of equilibrium between these separate sets of prices is liable to upset the balance of payments and the national income.

Even in a closed economy—by that I mean a self-sufficient economy, shut off from the rest of the world—the exchange of goods within the country will be impeded, and the national income therefore diminished, if the purchasing power of any one section of the country is altered at the expense of another section. And in an economy like ours, which is not closed, the relationship of these various groups of prices to similar groups in other countries must also be studied, because a change in prices internally as compared with prices externally may mean eventually a change in the balance of payments. Similarly, changes in the volume and nature of production must be studied; for if these depart from a reasonably balanced relationship, and goods are produced which there is no opportunity to sell at a profit, price relationships will be disturbed, unemployment will result, and the national income will be diminished. Failure to sell will be reflected in growing inventories. I do not suggest that monetary policy by itself can restore equilibrium in such cases; but developments of the kind just indicated are danger signals which must be observed by a central bank because of the effect which they may have on general business, and because of the possibility that action by the bank, or by the government in a non-monetary field, may contribute to the restoration of equilibrium.

Another factor which may create disturbances in the national economy is the action of governments, national, provincial and municipal. Hence the budgets and policies of these public bodies must be studied by the central bank.

Then there are financial factors which in the short run are largely dependent, and in the long run entirely dependent, on the economic factors already referred to. Capital movements, short term and long term, can be so disturbing that the central bank's short term policy may be directed entirely to counteracting them, or on the other hand so beneficial that its short term objective is secured for it without having to take definite action. Of the importance of speculation, either in the stock market or in commodities or in real estate, we have had so many illustrations in recent years that it is unnecessary for me to do more than mention this factor. In connection with its open market operations and its function as financial adviser to the government, a central bank must of course study continuously the bond market, and indeed, the capital market as a whole. This is a day to day matter.

Particularly necessary is it that the central bank should examine the country's balance of payments and its current and prospective development. Changes in imports and exports must be watched, and study of the effects of tariffs at home and abroad also comes into the picture.

Is the country a creditor or a debtor nation? If it is a creditor nation, is it employing its favourable balance in a manner to stimulate the international exchange of goods or services, or is it endeavouring to strengthen its reserves? Do these reserves need strengthening? If it is a debtor nation, how long can it or should it go on borrowing, and on what terms? If foreign debt is being repatriated, is the movement taking place on a scale likely to affect the domestic market or the exchange rate, or both? The general policy of the central bank will be dependent upon the answers to these questions.

But this policy will be only one factor in bringing about the state of affairs which it is desired to achieve. At all times the central bank must keep itself as well informed as possible in regard to the condition of and the outlook for business in the country's principal markets, so that it may as far as is humanly possible form some idea in regard to prospective developments, favourable or unfavourable.

Having taken all these factors into consideration, the bank decides what the volume of cash should be; that is the size of the combined cash resources of the commercial banks, upon which their credit structure will be based. But the appropriate amount of cash at any given moment cannot be determined without reference to the rate of turnover of the medium of payment, that is the rate of turn-over of deposits and money, sometimes called the velocity of circulation. This cannot be known with exactness, but such things as bank deposits and clearings and the course of prices give a good indication. Changes in the national income are more conclusive evidence, but may be available too late to be of use.

There have been many examples of the policy of a central bank being determined by the real or supposed short term needs of its government. Sometimes, as in the case of a war, these needs are so pressing that they get the right of way, even if the actions taken are not in the long term interest of the country as a whole. But it is obvious that in the ordinary course of events such considerations should be definitely subordinated to the long term requirements of the economy as a whole.

Let me emphasize again that I do not want to convey the idea that a central bank by studying all these factors can arrive at conclusions which can be stated in precise mathematical terms. All this information, however, must be the subject of continuous study and continuous intelligent interpretation. It must be mixed with experience, business sense and a sound sense of public psychology.

This discussion of objectives and criteria has been necessarily somewhat abstract. Perhaps I can make it more concrete if I consider one or two suggestions which have been made by some critics who advocate a much more rapid expansion of currency and credit than has taken place since the Bank of Canada started its operations.

I shall take first of all the suggestion made by the hon. member for Rosthern (Mr. Tucker) on February 8 last, and if I criticize one of his suggestions I do not wish him to think that I am one of those to whom he referred as believing "that there can be no improvement in what they had conceived or what had been conceived prior to their day and generation." His contribution to the discussion of this matter was an admirable one, and if I disagree with his concluding suggestion in regard to monetary policy it is not because I question the sincerity of his convictions or depreciate the time and study which he has given to some of the difficult problems which concern us all. My disagreement is based on my own interpretation of current conditions, and the results which I believe would be sure to follow from his suggested program, which results in my opinion would be little short of disastrous to this country. He does, however, provide me with something which my social credit friends always fail to provide, that is something tangible by way of suggestion of what should be done by this parliament in the realm of monetary policy.

The suggestion of the hon. member for Rosthern is, in brief, that the Bank of Canada should issue, on the basis of the gold which it holds, an additional $560,000,000 of Bank of Canada notes in order to finance the construction of highways, irrigation projects and other public works. He justifies this additional issue on the ground that the bank, holding as it does $179,000,000 of gold, would have, to quote him, "the right to issue on a sound money basis $718,000,000 worth of currency fully secured on a twenty-five per cent basis."

Mr. BENNETT: He overlooks the reserves.

Mr. DUNNING: In the first place the details of my hon. friend's calculations are not correct. Under the law the bank must keep a reserve in gold of twenty-five per cent, not merely of its note liabilities, but of its combined note and deposit liabilities. It must keep twenty-five per cent not only of the volume of its own notes but of the volume also of the deposits made by the chartered banks in the central bank.

Mr. TUCKER: Pardon me, that can be suspended by order in council, can it not?

Mr. DUNNING: That is the law.

Mr. TUCKER: But by law it can be suspended by order in council.

Mr. DUNNING: No; I think not. Perhaps I shall clear up the point my hon. friend has in mind.

As the bank had over $209,000,000 of deposit liabilities on January 18, the maximum increase legally possible in its note circulation would be about $351,000,000 instead of $560,000,000 as stated by the hon. member for Rosthern.

Furthermore he states:

> It is regarded as sound financial practice to have a gold coverage of twenty-five per cent; that is so regarded, I believe, even by the Bank of England.

What the hon. member is referring to, I believe, is a resolution passed by the world economic and monetary conference, held in London in 1933.

Mr. BENNETT: It is in our statute.

Mr. DUNNING: Yes. However, it must first be noted that the twenty-five per cent minimum coverage recommended by the London conference was, as my right hon. friend the leader of the opposition will remember, recommended as an absolute minimum legal cover, and not as a desirable working ratio.

Mr. BENNETT: And the hope was expressed that it would not be so used.

Mr. DUNNING: I am going to read that portion of the resolution of the London conference in order to demonstrate that point. The same resolution goes on to say that such legal provision—

> . . . must not be taken as an excuse for unduly building up a larger superstructure of

notes and credits; in other words the effect of this resolution should be to increase the free reserve of central banks and thereby to strengthen their position.

In practice the central banks of the world keep a substantially higher percentage reserve in normal times. On January 26, for instance, the reserve of the Bank of England was 32·7 per cent. based on the old valuation of gold. On the basis of the new valuation, of course, the reserve would be very much higher. The effect of this higher percentage in normal times is that when business recovery reaches a more advanced stage or gold outflows occur, the central bank's reserve may be allowed to run down without violating statutory limitations or causing a restrictive policy to be put into effect, with a consequent contraction in business activity.

In the second place it should be noted that gold reserves have a dual purpose. Not only do they provide a cover for domestic note circulation, but they also constitute reserves with which to meet a deficit in the balance of payments. The latter purpose, particularly in the case of a debtor country like Canada, might well have, at times, a more deciding voice in determining the amount of gold to be held, than the former.

Mr. BENNETT: That is the reason we seek a favourable commodity balance.

Mr. DUNNING: Yes. Obviously the amount of currency to be issued must be determined by the actual needs of business rather than by an arbitrary ratio to the amount of gold which is accumulated for diverse purposes.

We come back, then, to the question whether the present volume of currency and credit in circulation in Canada is adequate for the needs of business and whether a further increase would be beneficial. It must first be understood that an increase in Bank of Canada note issue does not mean more notes in the hands or pockets of the public. Whatever medium be used for issuing the new currency or credit, such as the proposed one of financing the construction of public works, the central bank's notes would be immediately deposited with the chartered banks. An increase of, say $350,000,000 in chartered bank holdings of Bank of Canada notes would increase their cash reserves from the present figure of about $250,000,000 to $600,000,000, and their cash ratio from about ten per cent to roughly twenty-four per cent.

The sponsor of the suggestion contends that no inflation is intended or would result by thus increasing bank cash, so long as the gold cover of the Bank of Canada did not fall below the twenty-five per cent minimum. This factor, however, is not a test of inflation. If the banks use their increased cash in the normal way, as a basis for the extension of roughly ten times as much in loans to the public, or for the acquisition of ten times as much in investments, bank deposits would expand by approximately an equal amount until the cash ratio was brought down again to approximately ten per cent. This would mean an increase in bank deposits from the present level of about $2,387,000,000 to something like $6,000,000,000, or more than 2.6 times the level of December 31, 1929. Am I merely old fashioned or orthodox when I say that this would mean a colossal measure of inflation?

Perhaps there are some who believe that such inflation would be desirable, and on the effects of inflation, therefore, I shall be compelled to say just a word or two. Inflation does not increase material wealth but, by increasing the volume and decreasing the value of money, it redistributes wealth. Everyone who by custom or by contract receives income by way of fixed or nearly fixed payments loses by inflation, and everyone who owns real property or an equity in real property gains, at least relatively. In Canadian society this means that the wage earning and salaried classes, the people on relief, the bank depositors, insurance policy holders, rent recipients and bondholders will lose. To give some idea of the order of magnitude of the classes involved, 2,600,000 Canadians are wage and salary earners, as against approximately 400,000 employers and 600,000 who work on their own account. There are approximately, I think, 900,000 persons on relief. There are 4,084,752 bank savings deposit accounts and roughly 6,500,000 life insurance policies in effect in Canada.

The generally deep-seated illusion that inflation will hit the wealthy classes has been exposed many times by experience. The wealthy classes have generally a much smaller proportion of their wealth in the form of bank deposits, bonds, life insurance policies, annuities and other contractually fixed values than the middle and lower classes, and a much smaller proportion of their total incomes in the form of contractually or traditionally fixed payments such as salaries, wages, interest, rents, pensions and relief payments than either the middle or the lower classes. The wealthy classes do not, of course, all benefit in like proportion, because property values are not all affected in the same manner, but the large owner of equities and the skilful speculator in equities have all the odds in their favour.

No more deliberate method, in my judgment, can be conceived of taking from those

who have not and giving to those who have. The pitiful state of the great bulk of the population during the various inflation periods in European countries, and the long, painful struggle before the middle and lower classes ever recovered what had been lost in one stroke, are scarcely arguments for deliberately introducing a policy in Canada to benefit the lucky or astute gambler. No wonder the people of continental Europe, who have passed through a great world war and a great inflation during the last quarter century, are as much concerned to-day with the possibility of the recurrence of cumulative inflation as they are with the possibility of another great war.

Inflation may look like a scheme by which governments can get something out of nothing. It is not so. The mind of man has not yet solved that particular problem, and never will. Governments have only one source for the funds which they use, and that is the pockets of their people. No tax system may be wholly scientific or wholly equitable. Inflation, however, in my opinion is the most unjust and unwise system of taxation that has ever been devised.

Mr. BLACKMORE: Would my hon. friend permit a question? Has he, to his own satisfaction, proved that this $6,000,000,000 would create an inflation?

Mr. DUNNING: Positively yes.

Mr. BLACKMORE: On what grounds?

Mr. DUNNING: I shall deal with that a little later—but in this speech.

The hon. member for Rosthern has referred to the building of roads, and the construction of public buildings, land reclamation projects and armaments in Germany. If that country, "hemmed in by the problems which face her," can find the means for such a comprehensive program, he wonders why we in Canada cannot handle our small unemployment problem. Did it not impress the hon. member that Germany in carrying out her program has made the most strenuous efforts to avoid inflation and has not resorted to the direct currency increases, which he proposes for us, to finance her program? She is too close to the results of her experience in 1923 to try again to accomplish easy results by inflationary methods. Let me say here that in a material way she has great achievements to her credit, and I have every admiration for the financial wizardry shown by Doctor Schacht and his staff. But does my hon. friend really believe that Germany has gone further than we have in solving her problems or that her present economic structure rests on as sound a foundation? Does he look forward with confidence to the solution of her economic problems in the next two or three years? Does he realize what has been happening to the standard of living of the German people and the sacrifices which they have had to bear in quantity and quality of food, clothing and other consumers' goods? Does he realize that the tax revenues raised by the state have increased from about 6·6 billions of reichsmarks in 1931-32 to 14·2 billions in 1937-38, and to an estimated 18 billions in 1938-39? Furthermore, does he think that the Canadian public would be willing to accept the methods which have been followed in Germany? I dare say that if we as a people were willing to accept a dictatorship in economics as in other matters; if we were willing to allow a dictator to force us to forego certain things and accept cheap substitutes for others; if we were ready to sacrifice food and clothing and motor cars to good military roads and to rearmament, we could show results somewhat comparable with those which have been obtained in Germany in these respects. But if I understand the Canadian public correctly, I think they prefer freedom to regimentation, more consumers' goods to better military roads, more butter and better bread and better clothing and shoes to more cannon and more bombers.

I have spoken of only one aspect of the results of excessive expansion of currency and credit which we call inflation. I should say a word about another aspect of even a milder degree of inflation. I refer particularly to the maladjustments in the economy that invariably occur during a period of rapid expansion. As expansion proceeds, prices rise and this process tends to become cumulative, as the turn-over of deposits becomes more and more rapid. In this connection, I wish to stress the importance of this turn-over factor. The amount of money work performed or, to put it another way, the volume of business transactions effected in money terms, depends not only on the total volume of currency and credit but also on the velocity of circulation of notes and deposits—the number of times the dollar turns over in the course of a year. Too little stress is placed on this velocity factor in most monetary discussions.

Perhaps I can best illustrate its importance by referring to estimates recently published by the Dominion Bureau of Statistics, According to these estimates, the velocity of circulation of money, (coins, bank notes and Dominion or Bank of Canada notes), declined from 26·85 in 1929 (this means that the Canadian dollar in the form of notes or coins turned over on the average 26·85 times during the year) to 17·42 in 1932 and then rose to 21·27 in 1936.

Bank deposits, on the other hand, turned over 23·04 times in 1929 and only 14·95 times in 1932, but by 1936 the rate of turn-over had increased to 18·26 times. It will be seen immediately how much more important this decline in velocity was in the deflation period, 1929-32, than was the decline in the volume of credit itself. I have already said that bank deposits fell off during this period by about fourteen per cent, but the figures just given show a decline in velocity of over thirty-five per cent. We need not be surprised, therefore, when we learn that the total volume of business transactions effected in Canada declined from an estimated total of over 52½ billion dollars in 1929 to slightly over 29 billions in 1932. I recommend a study of this velocity factor to all social crediters and all inflationists; it seems to be conspicuously absent in their thinking.

Mr. POOLE: The Liberals denied that in Alberta.

Mr. DUNNING: As I stated a moment ago, the velocity of circulation of both money and credit tends to rise very rapidly as confidence returns and business activity increases. If the public believes that inflation is under way and that the government or the central bank is going to continue to inject new currency or credit into the monetary system, as would necessarily be the case if the program suggested by my hon. friend were accepted by the government, then they would begin to lose faith in the integrity of the monetary unit and a race from the dollar would begin. In other words, the velocity of circulation would increase with enormous rapidity and prices would tend to soar with ever-increasing rapidity.

During a period when this process is under way it is perfectly obvious that there is fertile ground for the development of those maladjustments in the economy which I have already mentioned. Prices do not rise at the same rate in all industries. In those industries where prices tend to rise most rapidly, the prospect of increased future profits acts as a magnet to new capital, and business men increase their investment in fixed plant and equipment. Much of the new investment will prove to be unwise. Speculative activity will become excessive and may find an outlet in commodities or in securities or in real estate, producing the whole series of evils with which we are all too familiar.

Furthermore, there will be maladjustments between the various types of prices—retail prices, wholesale prices, security prices, wage rates, prices of raw materials, prices of finished commodities, etc. All these conditions are the familiar product of an inflationary boom which is bound to result in a serious depression. Essentially, a depression is a state of business in which maladjustments between various industries and between costs and prices make it impossible for a system of private enterprise to function normally, and a business recovery is the stage in which normal equilibrium is gradually being restored.

It may be asked why the central bank could not control such an inflationary boom as I have been describing and prevent these excesses from developing. My answer to that is that the central bank could probably perform that function, in large measure at least, if it began to exert its controls at a sufficiently early stage. But the point is that if there is a too rapid, and a too extensive, expansion of credit with a view to hastening recovery, the central bank's control is bound to be ineffective. Once the situation gets out of hand, the only thing which the central bank and the government can do is to introduce restrictive measures of such a drastic and comprehensive nature as to bring about the very depression which they had been trying to guard against.

The importance of this point will be recognized when it is remembered that the proposal being considered involves an immediate or rapid increase in bank cash of 240 per cent. I am aware, of course, that the hon. member for Rosthern has suggested that if inflation should threaten as a result of his program, the legal reserve requirement of the chartered banks might be raised to prevent any secondary expansion of bank deposits. Let us assume, first, for the sake of argument, that this could be worked out, although I believe my hon. friend would be the first to recognize the difficulties involved in timing and calculating the necessary adjustments in the reserve ratio to avoid inflationary expansion or deflationary restriction—as his construction program would necessarily extend over two or three years at least.

But if we assume it could be done, what would be the effect? I submit that one of the effects would be that we would be paying for the $350,000,000 program by an indirect tax on the shareholders, depositors and borrowing clients of chartered banks. The banks would have additional deposits of $350,000,000, on most of which they would be paying interest, but through the control of the legal reserve an equal amount would have to be carried by them as idle cash reserves bringing no return. The additional interest load would be met either by reducing the interest paid on all savings deposits or by raising the rate of interest on bank loans, or by reducing dividends to shareholders, or by all three methods.

Mr. BENNETT: Or by expanding business.

Mr. DUNNING: Yes, I shall deal with that phase of it in a moment. Even if we are not concerned with any long run adverse effects upon our banking system, I ask if it is fair that the whole burden of such a program should be thrown on those classes in the community which use our chartered banking system. Alternatively, if this is the desire, why not impose a tax directly and be done with it, instead of assuming all the risks involved in tinkering with our currency and credit structure?

Apart from the initial effects of such a program, I shall mention only one other difficulty in the proposal to offset increases in bank cash by raising the legal reserve ratio. What is to happen when the $350,000,000 program has been completed? When the funds are all spent and the banks' cash reserve has been raised to twenty-one per cent, what will take the place of the artificial purchasing power injected into our monetary system? The program in itself will likely have done nothing to restore the normal functioning of the economic system. On the other hand, it may have done much to retard recovery by undermining confidence, by promoting undue expansion in one or more industries, by raising the prices of certain commodities, and by creating a more rigid and a more expensive banking system. If private enterprise is, as is probable, not ready to take up the slack, why not another $350,000,000 program of the same type? Moreover, if a $350,000,000 program is good, why not a $500,000,000 program? Why not, indeed, a billion dollar program? This is the inevitable record of such experiments with the currency.

Returning to the main proposal, I should mention the possibility that the increased bank cash might not immediately result in a tenfold or, indeed, in any expansion of circulating credit in use. If the business and financial world saw that the government and the central bank had committed themselves to a program of progressively expanding the volume of cash on a huge scale, precisely the opposite result might occur, at least for a time. Although ultimately the process of inflation would be almost certain to get under way, the first effects might be a general stagnation of business. Private business would be reluctant to make future commitments. Private individuals would hold a larger proportion of their funds in idle cash. The velocity of circulation of money and credit would decline, and this decline in the rate of turn-over would offset or possibly more than offset the increase in the volume of currency and credit. In other words, a contemplated program involving such vast inflationary possibilities might destroy the confidence of the business world in the soundness of conditions, and of the public generally in the future of their currency. In recent years we have seen more than one instance of such lack of confidence causing an almost insuperable obstacle to business recovery. The government would, of course, be creating purchasing power by its large public works program financed by inflation, but it would probably be found that the retarding of private business enterprise would much more than offset the stimulus which the government was trying to give.

The fact is, Mr. Speaker, that government spending cannot make up for the paralysis of private enterprise and of private spending which is created by fear and uncertainty. Under an absolute dictatorship, with complete regimentation of business and the private citizen conditions might be different; but under an economic and political system such as ours it is essential to maintain the confidence of the millions of individuals and organizations that make their own decisions as to whether they will or will not spend and invest.

The second suggested program for expanding currency and credit to which I wish to devote some attention is that series of proposals which goes under the general title of social credit. Hon. members will realize that most of what I have already said is a criticism of this doctrine, although I have not addressed myself to the precise terms in which social credit theories are couched. Also, hon. members who have sponsored social credit in the house will not expect me to deal with all their arguments or all their definitions of terms or all the variants of their theory, as presented by themselves or by the founder of their school. Even they, I think, must realize that the numerous volumes in which their high priest has expounded his doctrines are masterpieces either of confused thought or of studied ambiguity, and that every time he has been put up against prescribing a concrete program for a specific problem, he has again been a master of evasion. I am afraid that even my hon. friends have learned much from him in this respect. The debates of the house contain many social credit speeches, but it would take a magnifying glass to discover any concrete explanations made in those speeches as to how the program is to be carried out. The other evening when the leader of the social credit group (Mr. Blackmore) was advocating the creation of credit to supply all the needs of our people, he was asked by the hon. member for Selkirk (Mr. Thorson) to explain just how it was to be

done. He proceeded to explain in some detail what scarcely needed explanation, why the United States should have more money and credit than Newfoundland; but the explanation asked for was left for another time; and I know my hon. friend will forgive me if I say that this afternoon, after inviting questions, he always carefully deferred an answer to a specific question to some future occasion.

Mr. BLACKMORE: If my hon. friend will permit a question, has he now proved to his own satisfaction that six billion dollars in the banks would cause inflation?

Mr. DUNNING: I have no doubt of that.

Mr. BLACKMORE: Has he proved that?

Mr. DUNNING: I think so.

Mr. BLACKMORE: I do not.

Mr. DUNNING: However, with the background which I have already given of monetary policy in this country, I propose to comment on a few of the special points in the social credit doctrines.

Let me say at once that, in my opinion, social credit rests upon an incorrect diagnosis of an existing malady and prescribes a cure which would be dangerous in the extreme. In other words, the whole theory is based upon a false premise, and the whole program which derives from that theory is unsound and pernicious.

The false premise to which I refer is that, as an inevitable result of the working of our present economic and financial system, there is a chronic shortage of purchasing power in the hands of consumers. This deficiency is supposed to arise from the fact that, of the costs incurred in the production of commodities for sale, only a part have involved the distribution of purchasing power to potential consumers. In other words, if the cost of a pair of shoes is ten dollars, only, say six dollars of that cost represent all the payments that have been made to individuals as wages, salaries or dividends—which are called "A" payments by Major Douglas—and the remaining four dollars represent payments made to other organizations for raw materials, bank charges, etc.—which are called "B" payments. Similar assumptions are made as to all other commodities sold in the community in the course of a year. Now, the theory alleges that, as individuals who are the potential consumers always receive for their work in production less than the total cost of the products of industry, they never have enough purchasing power, enough money and credit, with which to buy those products of industry. We have all heard that stated in the house time and time again. Because of this shortage of purchasing power, which according to the analysis is inevitable and also permanent, we are bound, it is alleged, to have gluts of commodities, surpluses of goods that cannot be used by the public because they have not enough money with which to buy them, "poverty in the midst of plenty," periodic depressions, wars and tariff struggles and all the other evils to which flesh is heir.

Mr. MITCHELL: May I ask a question?

An hon. MEMBER: Mr. Speaker—

Mr. DUNNING: One at a time, now.

Mr. MITCHELL: I should like to ask the hon. gentleman, if the theory which he has just explained does not cause the difficulty that he has referred to, what does?

Mr. DUNNING: I understand the hon. member is speaking next. If I omit anything along the line of his question, I trust he will develop it.

This which I am quoting is an analysis, briefly stated, upon which Major Douglas has stated his whole program must stand or fall. In the language I have just used I have been paraphrasing as fairly as I can Major Douglas. Does it sound convincing to hon. members?

Mr. POOLE: Mr. Speaker, will the hon. gentleman permit a question? I want to ask him if he did not make a mistake when he said that our theory was that the system did not supply a sufficiency of purchasing power at any one time. That is not the premise of our argument at all.

Some hon. MEMBERS: Order.

Mr. POOLE: It should be this way, I think.

Some hon. MEMBERS: Order.

Mr. POOLE: Why raise a false premise?

Mr. DUNNING: My hon. friend is not asking a question; he is making a speech. I understand that he is on the speakers' list, and he will be able, of course, to make any explanation he wishes. I am endeavouring to state the Douglas theory without quoting at great length from all the Douglas books and to state what I think anyone will agree with, namely, that Major Douglas' theory on which, he states clearly, his whole program must stand or fall, is this "A" plus "B" theorem or analysis. There is at first sight an air of plausibility about it, and, particularly when it is stated in the mathematical terms of the so-called "A" plus "B" formula, a superficial mind like

mine which has forgotten its algebra is likely to be awed into an acceptance of it as a mathematical truth. Particularly in times of severe depression it is likely to win unthinking acceptance, because in such periods, as we have already noted, there is likely to be monetary and credit deflation. This temporary deflation of money and credit demands an appropriate remedy in the type of monetary policy which I have previously discussed. But the error of Major Douglas is that, finding this type of temporary deflation in the immediate post-war depression when he began his investigations, he was led to erect a general theory which contends that there is always and inevitably a deficiency of purchasing power created by the working of our present system.

The falsity of his analysis has been exposed time and again by economists—not only the orthodox economists but even including such an unorthodox one as the communist John Strachey in his book on The Nature of Capitalist Crisis—and those who have time to go into it in more detail should read one of these exposures—for instance, Gaitskell's chapter in G. D. H. Cole's volume on What Everyone Wants to Know about Money. But let me indicate briefly a few of the major errors underlying the analysis. In the illustration I used of the pair of shoes costing ten dollars, payments amounting to four dollars were assumed not to go to individual consumers but to other firms and organizations. Most of this, say three dollars, would represent payments made for the purchase of raw materials such as leather, etc., and it does not take long to realize that the three dollars recovered by the shoe manufacturer as part of the sales price of ten dollars for his shoes goes to pay wages and salaries of the long line of people making the leather and other materials purchased by the manufacturer in order to make his shoes. But, says Major Douglas, this argument disregards the element of time. The money received by the farmer who raised the live stock and the tanner who produced the leather, etc., has been paid out in the past in an earlier stage of production, and so is not available in the present when the pair of shoes has to be purchased by someone. But obviously this attempted rebuttal entirely overlooks the fact that industry is a continuous process and that at all times producers and industries are operating side by side in all the various stages of production. It is evident, therefore, that industry as a whole is making available purchasing power equal to the total "A" payments made and these in turn will equal the cost of production of all consumer goods produced. Were it not so, our economic system would have broken down completely long years ago and we would now be operating on an entirely different type of system.

[Mr. Dunning.]

It is true, of course, that a deficiency of purchasing power may arise if there is a breakdown in the continuity of the productive process, and these break-downs do occur. But these periodic break-downs are what we mean by depressions and they call for their own appropriate remedies. They are not the phenomena which Major Douglas is attempting to analyze and prescribe for.

Another error which the social crediters make is to overlook entirely the fact that consumers do not buy the whole product of industry. A very substantial proportion of the total product of industry consists of producers' or capital goods—machinery, tools, equipment, etc.—which never come into the hands of consumers and which they never have to buy. The firms which are producing these capital goods pay wages, salaries and dividends which constitute purchasing power in the hands of consumers for the purchase of consumers' goods produced by other industries. It is, therefore, absurd to contend that sufficient money should be placed in the hands of consumers to enable them to purchase the entire produce of industry.

Finally, the social crediters overlook, in my opinion, the importance of the velocity factor to which I was referring a few minutes ago. They appear to forget that a dollar may turn over fifteen to twenty-five times in the course of a single year and thus do the money work of $15 to $25. Thus in 1929, when the total volume of business transactions in Canada amounted to fifty-two and a half billions of dollars, the total volume of money and credit in circulation was estimated at less than two and a half billion dollars. Would the sponsors of this theory contend that the volume of money and credit should have been increased to fifty-two and a half billion dollars, in order to provide purchasing power in the hands of consumers for all of the transactions which took place during the year 1929?

So much for the false foundation upon which, in my opinion, the social credit program rests. What about the program itself? It is impossible here to go into the myriad complexities and variants of the program; but as one would expect, it involves an attempt to provide a compensation for the supposed chronic shortage of purchasing power in the hands of consumers, which Major Douglas has been at such pains to demonstrate.

Most of the positive devices which are suggested will be recognized by all as frankly inflationist. This applies particularly to such

suggestions as social credit dividends of $25 per month, payment of old age pensions by so-called monetizing of the national credit, and other devices of a similar nature. But the main part of the program as expounded by Major Douglas does seek to avoid inflation by providing for a reduction of prices by a certain proportion by government decree. How this proportion is to be arrived at is a technical problem and remains a mystery. Producers who sell at the lower prices once they have been established become entitled to credits supplied by the government equivalent to the difference between the old and the new prices in respect of each article sold. No interest is charged on these credits and no security is required therefor—they are really subsidies based on the national credit. The theory, of course, is that as a result of these credits or subsidies producers will find themselves as well off as they were before their prices were lowered, while consumers have obtained the benefits of the lower prices and are able with the same money incomes to buy more goods. It is evident that the total amount of these credits or subsidies given to producers involves a huge total; for they are designed to make up for the shortage between the cost value of total consumption and the money value of total production of the country during a given period, say one year, and the estimates made by social crediters indicate that only from two-fifths to one-ninth of the total production of a given period is consumed. It is apparent, therefore, that the new purchasing power thrown into the monetary system would be of colossal proportions.

It should be obvious, from what I have previously said, that this program would involve inflation on an enormous scale, with skyrocketing of prices and all the maladjustments of an artificial boom.

Mr. BLACKMORE: Will the minister permit a question?

Mr. DUNNING: My hon. friend was courteous this afternoon and I do not mind if it is a question, though I should like to get through to-night.

Mr. BLACKMORE: I wonder if, while I ask the question, I may inquire whether the Liberals will show us the same courtesy we showed them. The question is this: Will the hon. gentleman tell us where he has got all this information in regard to the two-fifths and one-ninth? What authority is he quoting?

Mr. DUNNING: What authority?

Mr. BLACKMORE: What social credit authority is he quoting for all this?

Mr. DUNNING: Well, I have had the benefit of reading, as my hon. friend has had. I shall not say that I have read as widely as he; but one thing I do not do, and that is to pick out a quotation from a man's book in order to back up a point I am making, when I know that the trend of the whole book is directly against the theory I am advocating. I do study these matters; I have to do so in my capacity as Minister of Finance. I discuss them frequently with my technical officers, and endeavour to shape my own views and the views of the government, in so far as I can influence them, with respect to monetary matters, and I may tell my hon. friend that ever since this session opened I expected to have to face this question in parliament and have been very carefully preparing myself for it. Moreover, I have been very careful to-night to stick as closely as possible to the text because, as I said at the outset, I have a very deep sense of responsibility with respect to the influence, not on my hon. friends, but on the credit of Canada generally, of anything which a man occupying the position of Minister of Finance says with reference to such matters.

Mr. BLACKMORE: May I ask another question?

Mr. DUNNING: Certainly.

Mr. BLACKMORE: I am wondering why the Minister of Finance cannot tell us where he has got his information with regard to the figures he has quoted.

Mr. DUNNING: In quoting the Douglas theory I have attempted to condense within a narrow compass my conception of it from what Major Douglas has written in many books, and from what my hon. friends have been saying in the house during the last two or three years. It is my own opinion. If my hon. friends believe that I am wrong in any particular, it is their privilege to point out, after reading in Hansard what I have said, wherein I am wrong. That is the privilege of debate. It is by that method that we all endeavour to arrive at the truth. I am endeavouring to state what is my opinion, what is my conception of the thing I am talking about.

To continue, if the program were continued, this inflation would be progressive and cumulative, and before long the experience of post-war Germany would have little to teach us. Of course, Major Douglas says that at the first sign of rising prices no more new money would be created.

Mr. QUELCH: He never said that.

Mr. DUNNING: If this promise is to be taken literally, then the social credit program would be at an end, and presumably we would have to worry only about the effects of the first dose of inflation. I am afraid, however, that under a social credit regime the promise could not be taken literally, and at the best we would find continuing doses of inflation on an enormous scale with attempts by the regime to counteract the effects of inflation by the fixing of maximum prices. This would lead inevitably to the assumption of control over all industries, trades and economic activities and the complete regimentation characteristic of an authoritarian state. Moreover, as history has shown repeatedly, for instance in the fiat money period of revolutionary France and in the hyper-inflation period in post-war Germany, the attempts at fixing maximum prices, regulating wages, and so forth, would be futile and ineffective, even though the death penalty were imposed against offenders.

I have dealt all too briefly with the positive program of social credit, but I think the members of the house are sufficiently aware of the nature and implications of the program to make a more detailed appraisal unnecessary.

In conclusion, I have traced the history of our monetary policy in the last few years, and have tried to show, I fear at too great length, the reasons why I believe that this policy, in the recent past at least, has been well considered, and why some of the alternative policies which have been suggested should not be adopted. Our policy has been and is an easy money policy which has resulted in an expansion of our credit base and of the volume of credit in use at a rate which is believed to be in harmony with the best interest of the economic life of the nation. It is a policy which recognizes the part which monetary weapons can usefully play in stimulating and supporting business recovery, but not one based on the belief that monetary factors are the sole factors to be considered. It is a policy which has retained the confidence of the business man and the private citizen, not one which has created fear or uncertainty. It is one of the factors responsible for the fact that our economy has shown a consistent, and indeed rapid, recovery; not one characterized by fits and starts.

Of course much remains to be done. One of our important industries has been prostrated by the recurrent ravages of drought Unemployment has declined substantially, but we still have employable persons who are unemployed. These and other problems must be attacked on many fronts. Fundamentally our need is an actual increase in material wealth, not a different yardstick with which to measure it, or the deliberate ruination of one class for the imaginary benefit of another. Such an increase in material wealth can be best secured by facilitating the production of the many commodities which Canada is best adapted to produce, and by exchanging these products on as large a scale as possible for products which Canada cannot advantageously produce, receiving in return for our exports, as much rather than as little as possible. Monetary policy will continue to have its part to play, and I am confident that the administration of Canada's monetary policy by the Bank of Canada is in capable hands, and is directed to the single purpose of promoting the best good of all Canada in so far as monetary policy can be effective to this end.

Mr. A. H. MITCHELL (Medicine Hat): May I say to the Minister of Finance (Mr. Dunning) that I did enjoy his essay. It will be necessary to read and study it in order to deal effectively with it.

May I say also that when I came to this house I had some fixed ideas and some firm prejudices. One of those prejudices was political; another was perhaps against individuals. There have been times when I actually doubted the integrity of the Minister of Finance and the men who control finance in Canada. But I should like to say that as I have come to know them better, I came to understand my prejudice more, and I think what we have to say can be more useful according as we lose our prejudices.

In seconding the motion of the hon. member for Lethbridge (Mr. Blackmore), my leader in the house, may I say that I believe this government is actually in a negative position. It is in the strange position of having a leader who stated in the house, while in opposition, that usury once in control will wreck any nation. Now, Mr. Speaker, I agree completely with the right hon. gentleman in that statement. But I have not seen any evidence that he or his government has done anything to free this country from that condition.

Let me explain exactly what I mean. I was so impressed by that statement that usury, once in control, will wreck any nation, that I looked up the definition of the word "usury". The first definition I saw was, "the fact or practice of lending money at interest". I looked in six different dictionaries in the parliamentary library in order to see whether there was any disagreement, and I found they agreed in the definition that the fact or practice of lending at interest is usury, with

the added meaning especially in later use, of "the charging or taking of excessive or illegal rates of interest."

In the light of what I have found since I discovered the meaning of that word "usury," and in view of the statement I have quoted as to its effect when in control of a country, the striking thing is that the effect of lending principal and recovering interest is the accumulation of a tremendous debt, which is growing rapidly. When principal only is borrowed by a borrower, and principal plus interest is repayable at maturity, the principal and the interest are of exactly the same material, namely dollars. If I borrow $940 and repay $1,000, that is, if I borrow at six per cent discount, I am returning $60 which I did not receive. If every person who borrows a sum of money, when he makes repayment repays the principal plus interest, then surely, since the material which he uses for repayment is the same as what he borrowed, he must be repaying with part of someone else's principal. Therefore it is not surprising to find that usury—or use the term interest if you like—the payment of interest for the money which we have to use to exchange our goods and services, is part and parcel of an idea which is in control of this nation. That fact I would say is the pons asinorum of the new economics.

Every time principal is lent money goes into circulation; every time loans are repaid money comes out of circulation. But since principal only is lent, and principal plus interest repaid, more money must come out of circulation than went in, which is nothing more or less than impossible. The result is debt. So I say that if the Minister of Finance has successfully disposed of the "A" plus "B" theorem, we have yet to hear how he is going to dispose of the debt problem, which confronts individuals, businesses and governments, whether provincial, municipal or federal.

It is like a gigantic poker game. I happen to know something about the game. I know that the man who runs the game is called a banker. That may be a coincidence. The banker "drags" each pot; it is only a small drag, hardly a percentage of the pot each time; but as the game goes on and the banker keeps dragging, if the same players stay in the game, eventually the banker must have all the money. Unless new players come in, eventually all the players, or at least some of them, are bound to be in debt to the banker. That is the way it operates.

Now, when money goes into circulation as debt, and like a comet returns bringing with it a tail of interest, the busier and more productive we are the more money is borrowed, the more principal is used up in paying interest, and necessarily the more debt must accrue. The fact has been borne out by the findings of the Bank of Canada in connection with provincial operations in the three western provinces, and because of it, if not because of the "A" plus "B" theorem, if your personal difficulty and that of all the people whom you know, or know of, is lack of money, is it not obvious that the central national difficulty is but the aggregate of the difficulty of all the citizens, and that the scarcity of money is our paramount national problem?

Those are not my words, Mr. Speaker. I have quoted from the foreword to Professor Irving Fisher's book One Hundred Per Cent Money, which was written by Robert H. Hemphill, formerly credit manager of the federal reserve bank of Atlanta. He goes on to say:

> We have ample producing and distributing facilities to supply everyone with an abundance of the essentials for a high standard of living, and we are desperately anxious to produce, but we haven't sufficient money to effect the exchange of our goods and services.

We are dependent for sufficient money upon the judgment of a few men, whose integrity I am not questioning for one moment, although, as I said to the Minister of Finance, there was a time when I was narrow enough to have done so. It is hardly possible to conceive of the effect of compound interest. It is impossible to pay simple interest. How are we going to pay it when you compound it?

So, Mr. Speaker, the technique which is suggested by Major Douglas deals with that phase of the difficulty. The growth of debt may be judged by the fact that in the seventeenth century world debt increased forty-seven per cent. At the end of the eighteenth century world debt had increased 466 per cent. At the end of the nineteenth century world debt, public and private, had increased 12,000 per cent. Professor Rautenstrauch, of Columbia university, taking 1800 A.D. as the year of origin and one hundred years as the unit of world debt, says that world debt is now increasing as the fourth power of time—of time, not squared—in spite of the bankruptcies, the various repudiations, writings down and so on. That is an appalling fact, and it requires some solution. The "A" plus "B" theorem has not been disproved to my satisfaction by the Minister of Finance, and there are many other points he made with which I am not going to take time to deal; but that does not by any manner of means dispose of the problem. It is a fact that

history shows that when debts become unbearable, a means is always found of repudiating them. In France it was revolution; in Germany it was inflation, and in Russia it was both.

The position of this government is a negative one, because on the assertion of the minister himself, the government with parliament holds the means of correcting or finding a solution to that problem, which lies in the source of money and the means by which people obtain it; for now it comes only as a flow of principal through production. With the complications of mechanization and all the other complications such as unemployment and so on, it does not carry the burden it is expected to bear. I should like to quote the right hon. Prime Minister (Mr. Mackenzie King), who said in the house:

> Once a nation parts with the control of its currency and credit, it matters not who makes the nation's laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to the government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of parliament and democracy is futile.

Has this government shown evidence that it has accepted its most conspicuous and sacred responsibility? I am sure that at the moment the position of the government in that regard is negative. It has stopped Alberta from trying to exercise sovereignty; but nothing is done to apply the sovereignty of the dominion over money power for the benefit of the people of Canada, except in the opinion of those who control the Bank of Canada, the Department of Finance and so on. Certainly something more is needed than reliance on exporting to foreign markets. Alberta has been stopped from trying to find a way out along the path of social credit. All right; the responsibility then is upon the dominion government to achieve better results.

Money technique and an accurate accounting system are required, not a poker game complete with banker. The government may feel satisfied with the results that are to be seen in the trade statistics, where Canada is shown to be exporting more than ever to the markets abroad. This is not a proof of anything except that we in Canada deprived ourselves of $6,000,000 worth of our own produce. Did we do so because no one here was hungry, because all the people were warmly housed and well clothed? No, Mr. Speaker, we did not.

Mr. SPEAKER: Eleven o'clock.

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

[Mr. Mitchell.]

Wednesday, March 9, 1938

The house met at three o'clock.

THE LATE PETER SINCLAIR

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, since its last sitting, this house has suffered the loss of another of its members, the thirteenth since the present parliament assembled, fortunately the only one in the present session.

Hon. members will have learned, with deep regret, of the sudden passing of Mr. Peter Sinclair, one of the members for the constituency of Queens, Prince Edward Island.

Mr. Sinclair had been in regular attendance at the sittings of the house since we reassembled here in January. He was in his seat as recently as Friday last. It was only on Saturday last that he became indisposed, and it was thought advisable that he should go to the civic hospital for treatment. Neither in Mr. Sinclair's own mind nor in that of others, had there been, at the time, any anxiety concerning the possibility of his recovery. His death was wholly unexpected, and the word of it in this morning's press must have occasioned a shock to his many friends in this house, and will be particularly felt in his native province.

Mr. Sinclair had little more than completed his fiftieth year. He was returned to the House of Commons at the last general election. His political career, though short, had not been without promise. He was elected to the legislature of Prince Edward Island in 1927, and became a minister without portfolio in the government of Hon. A. C. Saunders in the following year. He continued as a member of the legislature till 1931. He suffered defeat in the provincial elections of that year and retired into private life for a while, giving his time to farming and to business activities. In the general elections of 1935 he became one of the Liberal candidates for Queens and as already mentioned was returned as a member of this parliament.

Mr. Sinclair came of a family in Prince Edward Island well known for its interest in public affairs and possessed of a fine tradition of public service. His father, Peter Sinclair, after whom he was named, had, in his day, been a member of the legislature of Prince Edward Island, and one of the representatives in this House of Commons of the constituency which his son subsequently represented. For many years the same constituency was represented in this house by his brother, the Hon. John Sinclair, who was a member of a former Liberal administration, and is at present, as hon. members are aware, a member of the senate. Like his brother, the senator, Peter

Sinclair had been throughout his life a member of the Liberal party in Prince Edward Island, and active in his advocacy of its principles and policies. He took a special interest in all that pertained to the welfare of his native province. He was most loyal in the support which, at all times, he accorded my colleagues and myself, and we feel deeply a loss which will be shared by all members of the party in this house and by the people of Prince Edward Island.

In the short time he was a member of this house, Mr. Sinclair had not had opportunity to take much part in its proceedings. Being, however, of a kindly, generous and friendly disposition, he made many friends among its members.

The sadness of Mr. Sinclair's passing at so early an age is increased by the circumstance that he leaves behind a widow and seven children. You, Mr. Speaker, I am sure, will convey to Mrs. Sinclair and the members of the family, in their bereavement, the expression of the very sincere sympathy felt for them by all members of this house.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, the sudden passing of the member for Queens is a striking illustration of the truth of that ancient saying, "In the midst of life we are in death." No one who saw Mr. Sinclair in his place in the house on Friday would have thought it at all probable that on Wednesday afternoon we should be mourning his passing. It is, I say, a most striking illustration of the uncertainty of human life.

I did not know Mr. Sinclair at all well personally, but I knew him in the way that one does know members of this chamber. He was a zealous supporter of his party, and deeply concerned in everything that had to do with the prosperity and welfare of the province whence he came. His devotion to the interests of Prince Edward Island might be said to be perhaps his outstanding characteristic.

I believe that when Disraeli passed away, Salisbury said, "Zeal for the greatness of England was the passion of his life"; and if our late confrere might be said to have had a passion, it was zeal for his native province of Prince Edward Island. It manifested itself on all occasions, and he took a very deep concern indeed in everything that had to do with the welfare and prosperity of that province.

I cannot do more than say that we should like to associate ourselves with the Prime Minister (Mr. Mackenzie King) and his party in sympathy for the loss of one who has been very early in life called from its activities, and who leaves behind him a wife and seven children, thus intensifying, as the Prime Minister has so aptly said, the sympathetic concern that every member must have in his passing. In associating ourselves with the government in the loss of the deceased member, we realize, Mr. Speaker, that you in your own way will convey to the bereaved widow and family an expression of the sympathy which we all feel, and our deep regret that one of our number should have been so suddenly called from our midst.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, we in this group should like to associate ourselves with the expressions of esteem and sympathy uttered by the Prime Minister and the leader of the opposition.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, our group also would like to join with the Prime Minister and his party in extending sympathy to the family of the deceased member.

BUSINESS OF THE HOUSE

PRECEDENCE FOR GOVERNMENT BUSINESS ON AND AFTER MONDAY, MARCH 14

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

That on and after Monday, the fourteenth of March, to the end of the session, government notices of motions and government orders shall have precedence on Mondays over all other business except introduction of bills, questions by members and notices of motions for the production of papers.

Motion agreed to.

IMMIGRATION ACT

AMENDMENT OF PROVISION RESPECTING PROHIBITED CLASSES

Mr. A. W. NEILL (Comox-Alberni) moved for leave to introduce Bill No. 38, to amend the Immigration Act.

Mr. DUNNING: Explain.

Mr. NEILL: This is a very simple bill, and framed in modest and very general terms. It does not discriminate against or specifically name any nation or any race. It proposes to make a small but, I think, a useful addition or amendment to section 3 of the Immigration Act. In order to facilitate, I trust, its passage through the house and to secure the support of the right hon. leader of the opposition (Mr. Bennett), I have followed the suggestion he made on a previous occasion in connection with another bill and have provided that it shall not come into force until the first day of July, 1939.

Mr. DUNNING: What is it?

Mr. MACKENZIE KING: What is the bill about?

Mr. NEILL: It is to amend section 3. To put it in two words, it proposes to add the words "of Europe" to section 3, paragraph (t). If the house wishes me to read it out, I shall do so, but that is the only change.

Mr. MACKENZIE KING: What is the effect of the bill?

Mr. NEILL: Paragraph (t) of section 3 of the Immigration Act, chapter 93 of the Revised Statutes of Canada, 1927, is repealed and the following substituted therefor:

(t) on and after the first day of July, 1939—

That is one change, instead of 1927.

—in addition to the foregoing "prohibited classes," the following persons shall also be prohibited from entering or landing in Canada: Persons over fifteen years of age, physically capable of reading who cannot read the English or the French language or some other language or dialect commonly spoken by and native to the people of any country, state, province or other political or territorial division of Europe—

And then follows the rest of the section, keeping to the old section.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

POINTE-SAPIN, N.B., LEASE OF BOAT

Mr. BROOKS:

1. Did the Department of Fisheries at any time lease a boat from one Rubin Gionais of Pointe-Sapin, Kent county, New Brunswick?
2. If so, when was the boat leased, and for what period?
3. What is the amount paid each year for hire of boat under said lease?

Mr. MICHAUD:

1. Yes.
2. 1936—July 12 to November 28; charterers—Reuben Gionais and Simon Gionet.
1937—April 30 to November 3; charterer—Reuben Gionais.
3. 1936—$1,323.55; 1937, $1,820.64.

PRAIRIE FARM REHABILITATION PROJECTS

Mr. HANSELL:

1. How many projects have been completed in Alberta under the Prairie Farm Rehabilitation Act?
2. How many of these were projects of individual farmers?
3. How many by communities or municipalities?
4. How many projects have been completed in Saskatchewan under the Prairie Farm Rehabilitation Act?

[Mr. Dunning.]

5. How many of these were projects of individual farmers?
6. How many by communities or municipalities?

Mr. GARDINER:

1. 659.
2. 633.
3. 26.
4. 2,445.
5. 2,418.
6. 27.

ORDERS IN COUNCIL RELATING TO MIGRATORY BIRDS—ATTITUDE OF QUEBEC

Mr. FERRON:

1. Was the order in council of 1936 relating to migratory birds, and forbidding the use of live decoys in duck and wild goose hunting and forbidding the sale of these birds, submitted to the government of Quebec for its approval?
2. If so, did the province approve or disapprove?
3. Was the order in council of 1937, having the same object, also submitted to the province?
4. If so, was it approved or disapproved?
5. If approved, (a) upon what date, and (b) by what official?

Mr. CRERAR:

1. A summary of the proposed regulations relating to migratory birds to apply in 1936 was submitted to the government of Quebec for its concurrence. The proposed regulations contained clauses dealing with the use of live decoys and the sale of migratory birds.
2. The province did not approve or disapprove.
3. The proposed regulations for 1937 were submitted.
4. Approved.
5. (a) August 3, 1937; (b) The premier of Quebec.

*SENNETERRE, QUE., FREIGHT MOVEMENTS

Mr. LALONDE:

1. What quantities of freight (expressed either in number of cars or by weight) have been forwarded over the Canadian National Railways to points situated outside of the province of Quebec: (a) from Senneterre and all other stations located on the same line to the west of Senneterre, as far as La Reine inclusively; (b) from stations located on the same line of the Canadian National Railways to the east of Senneterre, as far as La Tuque inclusively?
2. What quantities of freight (expressed either in number of cars or by weight) have been received from points situated outside of the province of Quebec, at the stations included in (a) and (b) of the above question?

Mr. HOWE: The officers of the Canadian National Railways advise me that this is a question of internal management which it is not the custom of the railway to answer.

MANITOBA LAND GRANTS

Mr. MUTCH:

1. Was an order in council passed by the federal government in 1870, making a grant of land to every child born in that area which afterwards became Manitoba?

2. If so, what is the amount of each individual grant?

Mr. CRERAR:

1. No such order in council was passed in 1870, but section 31 of The Manitoba Act, 1870, 33 Victoria, chapter 3, and order in council dated 25th April, 1871, as amended by order in council of the 3rd April, 1873, provided for grants of land to children of half-breed heads of families residing in the province of Manitoba at the time of the transfer thereof to Canada (15th July, 1870).

2. 240 acres.

*HENRY RAYMOND FRITZ

Mr. CHURCH:

1. Has the attention of the Minister of Justice and Minister of National Defence been called to the case of Henry Raymond Fritz, twenty year old youth of Sidney township, who was sentenced at Trenton, Ontario, to three months in the county gaol on March 1, for making a wrong declaration of his age to enter the Royal Canadian Air Force?

2. Will an enquiry be made and clemency be considered?

3. What officers of the department of air force laid the charge?

Mr. LAPOINTE (Quebec East): I am able to answer this question orally. An application has been made on behalf of this young man, and after investigation, and after receiving reports from the Department of National Defence and the judicial authorities, I have recommended his release to His Excellency the Governor General.

GOVERNOR GENERAL'S FLAG

Mr. COLDWELL:

1. When was the flag now flown by the governor general authorized for his use?

2. If authorized by His Majesty King George V, on the advice of what minister was it so authorized?

3. By what means was the flag so authorized?

4. Where are the instruments or copies of them authorizing the flag to be found?

5. If the armorial element of the flag is registered in the College of Arms, by whose authority was it so registered?

6. Where is the instrument or copies of it authorizing such registration?

7. Where is the instrument or copies of it transmitting the armorial element to the College of Arms to be found?

8. What is the significance or registration of such armorial element with the College of Arms?

Mr. RINFRET:

1. By direction of His Majesty the King communicated by dispatch from the Lord Chamberlain to His Excellency the Governor General of Canada dated 22nd December, 1930.

2. The Prime Minister of Canada.

3. Answered by No. 1.

4. In the office of the secretary to His Excellency the Governor General.

5. No information indicating that it was registered in the College of Arms.

6. Answered by No. 5.

7. Answered by No. 5.

8. Answered by No. 5.

DAIRY PRODUCTS STATISTICS

Mr. LACOMBE:

1. What was the average price of milk, per hundred pounds, during the years 1933 to 1938: (a) in Canada; (b) in the province of Quebec?

2. What was the price of butter, per pound, during the same period: (a) in Canada; (b) in the province of Quebec?

3. What was the total value of dairy products produced in Canada during the same years?

Mr. EULER:

1 and 2.

Average price of specified dairy products

Years	Milk fresh—per cwt. (b) delivered at railway station Montreal	(b) delivered at dairy Quebec city	(a) average price 15 Canadian cities	Butter creamery—per pound at wholesale (b) No. 1 prints Montreal	(a) av. price 1st quality prints—6 Canadian cities
1933	$1.42	$1.38	$1.54	23·3cts.	22·8cts.
1934	1.58	1.46	1.70	24·3	24·1
1935	1.70	1.57	1.84	24·9	24·7
1936	1.74	1.66	1.88	25·3	25·3
1937	2.04	1.94	2.08	28·0	28·1
1938 January	2.20	2.14	2.19	32·8	32·5
1938 February	2.20	2.14	2.19	35·3	35·3

3. Total value of dairy products in Canada

1933	$170,828,667
1934	183,791,221
1935	192,410,423
1936	208,238,128
1937	Not available

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN PACIFIC RAILWAY—FEDERAL LOANS, DIVIDEND PAYMENTS AND EQUIPMENT PURCHASES

Mr. ELLIOTT (Kindersley):

1. Has the Canadian Pacific Railway repaid any of the following loans:
October, 1931, shop work, $1,447,222.71;
October, 1932, shop work, $1,000,000;
S.P.W.C.A., 1935:
1935-36 repairs to equipment, $1,270,000;
1935-37 purchase of equipment, $5,662,103.60;
Costs in connection with loans, $554,700?

2. If so, how much, and what is the balance outstanding?

3. Has the company paid any dividend on common stock since 1931?

4. What additional equipment has been purchased and leased to the Canadian Pacific Railway since the 1935-37 order, and under what terms?

TEMPORARY AND SEASONAL EMPLOYEES AT CHURCHILL

Mr. PERLEY:

1. How many seasonal or temporary employees were employed at Fort Churchill during the season 1937?

2. What were their names and home addresses?

SASKATCHEWAN COMMUNITY PASTURE LAND

Mr. PERLEY:

1. How many acres of land in the province of Saskatchewan were acquired by the federal government to be operated as community pastures, and what further amount of land is proposed to be taken over by the government during 1938?

2. What are the names of the private owners, loan companies or land companies from whom purchased, and the amount paid in each case?

RADIO BROADCASTING

REQUEST FOR COPY OF ADDRESS BROADCAST BY G. V. FERGUSON OF WINNIPEG FREE PRESS ON SUNDAY, MARCH 6

On the orders of the day:

Hon. C. H. CAHAN (St. Lawrence-St. George): By leave of the house I should like to ask the Prime Minister (Mr. Mackenzie King) a question of which I gave him notice on Monday last but which I deferred asking at the time the orders of the day were called yesterday, owing to his absence, which was due to the sad circumstances which we all know. I wonder if there will be any objection to my asking the question now.

Mr. MACKENZIE KING: No.

[Mr. Euler.]

Mr. CAHAN: The question is: Would the Prime Minister procure and lay on the table of the house a copy of the address delivered over the Canadian Broadcasting Corporation's radio system last Sunday afternoon by Mr. G. V. Ferguson, managing editor of the Winnipeg Free Press? I ask the question for this reason. In view of existing international complications, when members of the government and of the parliament of Canada, in their sincere desire for the preservation of peace, are exercising commendable reticence in their public discussions, there are many who deplore that a radio system, which is under the control of the Canadian parliament, should be freely utilized for such provocative propaganda as that which was contained in this address.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The question which the hon. member for St. Lawrence-St. George (Mr. Cahan) has asked raises a very serious issue of policy. It raises the issue of how far the government would be justified in going in the way of exercising direct control over the Canadian Broadcasting Corporation. As my hon. friend is aware, the functions, powers and duties of the corporation are defined by statute, and they have been so defined as to remove the corporation from anything in the nature of possible political or other pressure on the part of the administration or any member of it. In the circumstances I rather feel that the government should not at this stage, at all events, seek on its own initiative to lay on the table of the house any papers that may have been read or speeches that may have been made over the radio. It should at least first obtain the consent of the chairman and members of the board of the corporation so to do. However, I shall have pleasure in asking my colleague, the Minister of Transport (Mr. Howe), to bring my hon. friend's question to the attention of the board of directors of the corporation. Possibly this may be the means of procuring for my hon. friend the document which he desires the house to see. If not it will at least occasion, on the part of the board, some fuller consideration than has been given thus far to the matter he has in mind.

MOTIONS FOR PAPERS

CANADIAN FARM LOAN BOARD—SASKATCHEWAN

Mr. PERLEY:

1. The number of applications for loans to the Canadian farm loan board in the province of Saskatchewan for the years 1935, 1936, 1937?

2. The number of loans made?

3. The number of those employed at the Canadian farm loan branch in Saskatchewan in each of the years 1935, 1936, 1937, and the number and names of appraisers employed in each of these years.

Mr. DUNNING: Return tabled.

GRAIN INQUIRY COMMISSION

Mr. PERLEY:

For a copy of the reports of Price Waterhouse Company in connection with the Canadian grain commission, as well as all correspondence, telegrams and other documents relating thereto, exchanged between the Minister of Trade and Commerce, his deputy or any minister of the government and commissioner Turgeon, counsel Ralston or the secretary of the commission, dated during the year 1937.

DOMINION-PROVINCIAL RELATIONS

PROPOSED CESSATION OF FEDERAL CONTRIBUTIONS TO PROJECTS WITHIN PROVINCIAL JURISDICTION

Mr. OSCAR L. BOULANGER (Bellechasse) moved:

That, in the opinion of this house, in order to conform with the constitution, to respect the provinces' desire for autonomy and to favour the betterment of the dominion finances, the federal government should cease making financial contributions towards the execution of projects which are entirely within the jurisdiction of said provinces.

He said: (Translation) Mr. Speaker, I apologize to you and to the house for bringing up a subject which has already been considered from various angles during the present session, but I think the discussion to which the motion I have the honour to propose will give rise will serve to recall to memory certain facts that are apt to be forgotten—facts the recollection of which will have the effect of improving the relations between the central government and the provincial administrations. I fear that some of my friends, hearing you read the motion which suggests that the federal government should respect the provinces' desire for autonomy to the extent of avoiding any financial interference in the execution of projects coming under their jurisdiction might think that I am being facetious. No, Mr. Speaker, I am not trying to be funny at the expense of the provinces; I have no intention of showing that their vehement claims to autonomy ill agree with their unceasing requests for federal grants.

Someone has said, "We have nothing to learn from Ottawa." I do not propose to suggest to the author of this statement that logic should compel him to complete it by adding: "Not only have we nothing to learn from Ottawa, but we have nothing to ask of Ottawa." Some of the provinces are so jealous of their autonomy that the federal government is running the risk of gravely insulting them by making financial contributions to the carrying out of obligations assigned to them by the constitution. Public relief and social services, for instance, come under their jurisdiction. Therefore, our Minister of Finance (Mr. Dunning), by forcing the provinces to accept every year from eighty to one hundred million dollars from the federal government for public relief and social purposes is not only inflicting a cruel injury to their pride but indefinitely postponing the realization of his dream of a balanced budget.

You may think, Mr. Speaker, that I am jesting. In order to prove that I am not, I am going to quote from a publication which has just come to me, L'Unité of Thursday, March 3rd, 1938. Under the heading "Old-Age Pensions," this paper says:

> The centralizing ogre of Ottawa is once more threatening the autonomy of the provinces.
>
> A few years ago, it will be recalled, the provinces sacrificed to the national government part of their rights in order to establish a system of old-age pensions. According to the understanding between the federal and provincial governments, the administration of these pensions was left to each province, which was to supply 25 per cent of the amount of the pensions, plus the costs of administration.
>
> It was a piece of stupidity on the part of the provinces to sacrifice this right. It amounted to selling their birthright for a mess of pottage.

This quotation shows that there is a school of opinion which claims that the federal government should refrain from insulting the provinces by making financial contributions to the carrying out of responsibilities which the constitution has assigned to the provinces. Therefore, in order to respect the provinces' desire for autonomy, to respect their pride, to avoid wounding their feelings, the Minister of Finance should cease contributing to the execution of such obligations and thus put himself in a position to realize much sooner his dream of a balanced budget.

My purpose in moving the resolution which you have just read is not to deliver a more or less impertinent lecture to the provinces, inasmuch as I have just proved to you that there exists in the provinces the feeling that each government should remain within its own field of jurisdiction, that each should, to use a rather vulgar expression, mind its own business and that, in the words of the proverb, the shoemaker should stick to his last. I simply wish to provide the house with an opportunity of considering calmly and seriously the relations between the dominion and the provinces with a view to seeking means of rendering them more frank and cordial. Let us all

together, in the light of history and aided by common sense, endeavour to clear the air, to remove uncertainties, to dispel causes of misunderstanding, to extricate from the jumble of opinions and recriminations the essential principles which should guide our national life. I hope that some of my fellow-members will help me to recall the fundamental principles which should underlie the relations between the dominion and the provinces. As to the facts which I shall have the honour to lay before the house, I have taken them in part from the report of the special committee of inquiry on the British North America Act which sat during the session of 1935 and from the excellent brief presented to the Rowell commission by Professor Frank Scott, of the faculty of law of McGill university, Montreal.

I do hope, sir, that no sarcastic motive will be attributed to the motion you have just read. I must admit, however, that it is a little difficult to avoid being sarcastic when one sees, for instance, a government, that had been pushed into power for damning trusts, objecting to a national unemployment insurance scheme on the plea of autonomy—which of course cannot be to the liking of the trusts—or when one sees a provincial prime minister refusing all contribution to an unemployment insurance scheme, arguing that his province is an agricultural province, but asking in the same breath a national crop insurance scheme at the expense of the whole of the Canadian people including the industrial workers.

We must ask ourselves, sir, what was the idea of the fathers of confederation on the subject of our constitution; how that idea has changed since 1867 and what means are to be adopted in order better to understand the powers and responsibilities of the different legislative authorities in our country. Those are, I may say, the three points which should be considered in order to reach the end I had in mind when moving the resolution.

After I have dealt with those three points, I hope I will have contributed in a measure to the understanding and cooperation which must exist in Canada and its provinces, if the nation created in 1867 is to achieve its aims. It is quite possible that in doing so I will be merely voicing commonplaces and stock phrases. Consequently I will be brief. There are in this chamber learned, wise and experienced men better able than I am to deal with such a complicated matter and to give appropriate advice and directions.

A perusal of contemporary documents leaves no doubt but that the fathers of confederation, in 1867, had a great idea. They aimed not only at the bringing together of the British colonies of North America, but also at the creation of a new nation. As a matter of fact, the British North America Act is not, as many think, a pact, a compromise, a treaty of alliance; it is the constitution of a new nation and the charter of a new country. The raison d'être of confederation is set out clearly in the preamble to the British North America Act. There, it is declared that the provinces of Canada, of Nova Scotia and of New Brunswick have expressed a desire to contract a federal union with a view to form a single power under the British crown.

Section 4 states that the provisions of that act would commence and have effect on and after the Union, and that the name Canada would be taken to mean Canada as constituted under this act.

In the language of the speech from the throne, 1865, a new nationality and a new country were created for the purpose of weaving the local particularistic views of the small colonies into a larger entity. A united body replaced the various provincial entities. A new state of things replaced the previous one and Canada of 1867 absorbed the former colonies which became administrative districts thereof.

The Hon. John Rose was therefore right when he said:

> The feeling of nationality will soon become deeply rooted in our souls.

In creating that new nation, the fathers of confederation surely intended to create a national government fully empowered to deal with all questions of a national character and presenting a common interest for all the country's citizens. That was quite clear in their minds. They had before their eyes the example of the American civil war brought about by the unreasonable claims of the various states and they were determined to preserve from such a fate the new nation they were creating. In the opinion of everyone the jurisdiction of the new federal government was not to be limited to certain specific or enumerated powers as in the case of the United States Congress. Sir John Macdonald dealt with this matter quite clearly and frankly:

> Ever since the union was formed, the difficulty of what is called "state rights" has existed, and this as we know—

—he was referring to the constitution of the United States—

> —has much to do in bringing on the present unhappy war in the United States. In fact they—

—the separate provinces which became the United States—

> —commenced at the wrong end. They declared by their constitution that each state was a

sovereignty in itself, and that all the powers incident to a sovereignty belonged to each state, except those powers which, by the constitution, were conferred upon the general congress. Here, we have adopted a different system. We have strengthened the general government. We have given the general legislature all the great subjects of legislation. We have conferred on them not only specifically and in detail all the powers which are incident to sovereignty, but we have expressly declared that all subjects of general interest not distinctly and exclusively conferred upon the local legislatures, shall be conferred upon the general government and that local subjects shall be conferred upon local legislatures. We have thus strengthened the general government and legislature and avoided that great source of weakness which has been the cause of the disruption of the United States.

Those words of Sir John Macdonald may be found in the Debates on Confederation, session of 1865, page 33. In the course of the same speech, page 41, Sir John is quoted as follows:

This is precisely the provision which is wanting in the constitution of the United States. It is here that we find the weakness of the American system—the point where the American constitution breaks down.

Kindly take note of this:

It is in itself a wise and necessary provision. We thereby strengthen the central parliament, and make the confederation one people and one government, instead of five peoples and five governments, with merely a point of authority connecting us to a limited and insufficient extent.

During the same debates, Sir Georges Etienne Cartier, is reported as follows on page 60:

Under the federation system, granting to the control of the general government these large questions of general interest in which the differences of race or religion had no place, it could not be pretended that the rights of either race or religion could be invaded at all. We were to have a general parliament to deal with matters of defence, tariff, excise, public works, and these matters absorbed all individual interest.

Here is now the opinion expressed by Hon. George Brown:

For all dealings with the imperial government and foreign countries we have clothed the general government with the most ample powers. The measure, in fact, shuns the faults of the federal and legislative systems and adopts the best part of both, and I am well persuaded it will work efficiently and satisfactorily.

I could quote many more similar statements to show that in the early days of confederation there was no ambiguity and that everybody agreed perfectly well on the distribution of powers as between the central government and the provincial governments. There was no conflict on the question of autonomy, or rather each institution was autonomous in its own sphere. The federal government had all the powers which are necessary to a national government, and the provinces, all those belonging to a territorial administration. It is made clear in the very wording of section 91 of the British North America Act which says in the first place that generally speaking, it shall be lawful for the Federal Parliament to make laws for the peace, order and good government of Canada and that these general powers shall not be restricted by the enumeration following the first paragraph of the section, which is given just as an illustration.

On the contrary, when it is a question of laying down the powers of the provinces in section 92, particulars are given, and the section ends by saying that the provinces shall have jurisdiction in matters of local interest within their borders.

Mr. WALSH: Would the hon. gentleman permit a question? I am sorry I am not asking it in French. Would he suggest that the opinions he has quoted in regard to confederation are in harmony with the opinions recently expressed in judgments of the privy council and the Supreme Court of Canada on issues between the various provinces and the dominion?

Mr. BOULANGER: No, I am afraid that the opinions of the fathers of confederation do not exactly coincide with some of the decisions rendered by the privy council, and if my hon. friend will wait I will touch on that point a little later on. One of my points is precisely that the judgments of the privy council have altered the first conception of confederation.

(Translation) Coming back to the motion which the fathers of confederation had formed of what Canada should be, I wish to point out that at that time the position was quite clear, that is to say, all matters of national import and affecting all citizens as a people were to be under the jurisdiction of the federal parliament, and all those of a local or territorial nature were to be left to the provinces. To sum up this point, I wish respectfully to submit:

1. That the provinces, as they existed before 1867, were not sovereign states, but mere British colonies whose powers were very limited.

2. That Canada, as organized in 1867, was not created by the provincial legislatures of that period, but by the future Canadian citizens who took part in the conferences at Charlottetown, Quebec and London. As a matter of fact, the provinces of Manitoba, Saskatchewan, Alberta and British Columbia did not

exist then, or rather British Columbia existed, but did not take part in the setting up of confederation. Strictly speaking, the provinces of Quebec and Ontario, as they are known to-day, did not exist in 1867; they were created by the British North America Act of 1867, and the province which represented us at the time confederation was worked out was called the province of Canada, and included Lower and Upper Canada.

3. That Canada got her powers from the imperial parliament which gave effect to the constitution set up at the three above-mentioned conferences, and not from the provinces.

4. That the powers of Canada are those of a nation, and that they are liable to expand toward a greater sovereignty and a larger autonomy, such as has been actually shown.

5. That when Canada appeared on the map of the world the former British colonies in North America vanished as such and became administrative districts of Canada.

Such was the situation in 1867. It was plain, clear, well defined, and well determined. After a number of years, did it become obscure, ambiguous, unintelligible, and hopelessly confused, such as it is claimed? That claim is certainly exaggerated, but we must admit that the work of the fathers of confederation has been somewhat defaced and mutilated, so much so that its operation is more difficult, and its meaning more confused. That is hardly due to the legislative action of the Canadian or British Parliaments, but rather to the theoretical interpretation of the Canadian constitution by the courts, and more particularly by the Privy Council in England. Indeed, since 1867, there were only seven amendments to the constitution, and those amendments were not so very important. The American constitution, which is twice as old as ours, was amended at least three times as often as ours was.

Here are the amendments which were made to the Canadian constitution:

1. The British North America Act, 1871. The object of that amendment was to determine whether the dominion parliament had a right to carve new provinces out of the Northwestern Territories. While such power seemed to have been given under section 146 of the constitution, there was some doubt, and they wanted to make it clear under an amendment.

2. The Parliament of Canada Act, 1875. That amendment was to give a better definition of the powers, privileges and immunities enjoyed by parliament anent the rights of a parliamentary committee to take evidence under oath.

3. The British North America Act, 1886. The object of that amendment was to give Parliament the necessary powers to enable the Northwest Territories to be represented in the Senate and the House of Commons.

4. The British North America Act, 1907. The idea was to empower Parliament to increase the subsidies to the provinces and effect a final settlement with the latter. Experience has shown that it was not actually a final settlement. I shall later discuss that amendment which is the most important one.

5. The British North America Act, 1915. The object of said amendment being to increase the representation in the Senate, and to change the main senate constituencies.

6. The British North America Act, 1916, the object of which was to extend by one year the term of the existing parliament.

7. The British North America Act, 1930, which sought to authorize the dominion parliament to transfer to British Columbia, Alberta, Saskatchewan, and Manitoba, their natural resources.

It will be seen that the legislative amendments to the constitution were not sufficiently important to change the latter's character or nature.

However, the legal interpretation of the constitution has had much greater consequences. As a matter of fact, the courts and especially the Privy Council in England, instead of interpreting the constitution in the light of those historical and juridical facts which have resulted in the birth of Canada, have always endeavoured to give it a narrow interpretation and to consider it simply as an ordinary statute of the United Kingdom's parliament. It would appear that the Privy Council had two reasons for so doing; first, the fear that Canada might acquire full independence and autonomy and sever its connection with the British Empire; and, secondly, the desire to favour the provinces to the prejudice of the central government. In the minds of the noble lords, an increase in the provincial powers on the one hand, and a lessening of the federal powers on the other hand, were bound to help in postponing that imaginary danger of secession with which they have always seemed to be obsessed. To gain that end, the Privy Council mostly used two means. It has sought on the one hand to limit in a manner which has sometimes been absurd, the central government's power with regard to trade, and on the other hand, it has stretched to the utter limit the interpretation of the provision conferring jurisdiction upon the provinces in matters of property and civil rights. Throughout the contest between the dominion and the provinces it always seems as though the

provinces were sorry to have abandoned what in their minds were sovereign rights in matters of national import, and were anxious to recover them through the medium of the courts.

The Privy Council, through Lord Haldane, was then able to boast, and rightly so, of having, in the course of years, changed the Canadian constitution, and of having distorted the work of the founders of Confederation. Indeed, while paying a tribute to the late Lord Watson, who died in 1899, and who had one of the longest terms of office in the Privy Council, Lord Haldane spoke as follows:

> He was an imperial judge of the very first order. The function of such a judge, sitting in the supreme tribunal of the empire, is to do more than decide what abstract and familiar legal conceptions should be applied to particular cases. His function is to be a statesman as well as a jurist, to fill in the gaps which parliament has deliberately left in the skeleton constitutions and laws that it has provided for the British colonies. . . . Lord Carnarvon's Confederation Act of 1867, which had given separate legislatures and executives to the provinces, had by no means completely defined the relations of these legislatures and their lieutenant-governors to the parliament and governor general of the dominion. Two views were being contended for. The one was that, excepting in such cases as were specially provided for, a general principle ought to be recognized which would tend to make the government at Ottawa paramount, and the governments of the provinces subordinate. The other was that of federalism through and through, in executive as well as legislative concerns, whenever the contrary has not been expressly said by the imperial parliament. The provincial governments naturally pressed this latter view very strongly. The Supreme Court of Canada, however, which had been established under the Confederation Act, and was originally intended by all parties to be the practically final court of appeal for Canada, took the other view. . . . Lord Watson made the business of laying down the new law that was necessary his own. He completely altered the tendency of the decisions of the supreme court. . . . In a series of masterly judgments he expounded and established the real constitution of Canada.

As a result of seventy years of legal interpretation, the dominion parliament is now deprived of its general powers under the first part of section 91 of the British North America Act, the greatest part of its power of control over traffic and trade, of a great part of its power to carry out treaties and of almost all power of legislating in social matters for the nation as a whole.

It is all very well to speak about the sacredness of the constitution and to say that it should be left alone, but it is edifying to recall that the greatest rent which has ever been made in the constitution of 1867 was made at the request of the provinces themselves. I am referring to the fourth amendment made to the constitution in 1907 in connection with subsidies paid by the central government to the provincial governments. Indeed, most quarrels occur about money matters, and the difficulties between the federal government and the provinces generally have a financial character. If there is anything in the constitution which they endeavoured to make permanent, unalterable and inviolable it is surely section 118 which determines the amount of the subsidy to be paid to the provinces by the Ottawa government. Yet, that is what has been changed most. We find in that section the following words:

> Such grants shall be in full settlement of all future demands on Canada.

It could not have been stated more clearly or definitely. Nevertheless, no sooner had the constitution been in force, than the provinces began to scheme and to insist upon getting what they called better terms. During the seventy years that have elapsed since 1867, there have been three general revisions which increased the grants to all the provinces and over twenty special revisions which were beneficial to each of them.

To sum up, the four original provinces now receive from the federal government more than three and a half times the amount that had been promised them in the British North America Act. All those revisions of subsidies were made without any amendment to the constitution, with the exception of the 1907 amendment, to which I referred a few moments ago. Through that amendment an endeavour was still made to state that the agreement just concluded would be "final and definite" but those words were deleted at the request, I think, of Winston Churchill who pointed out that a parliament could not bind a future parliament.

It may be noted that besides having succeeded in securing many increases in the federal subsidies, in spite of the definite terms of section 118 of the constitution, the provinces have succeeded and are still succeeding in obtaining from the federal government substantial amounts for the purpose of helping them to meet obligations which, from their very nature, are strictly provincial and territorial. Such financial help, which in fact is an increased subsidy, is disguised under the euphemism of grants in aid to the provinces. That is why the provinces receive from the federal government besides the subsidies provided by the constitution and increased in 1907 through an amendment, from $85,000,000 to $100,000,000 a year to help them to meet obligations which are their

own concern, such as the care of the poor, direct relief, old age pensions, road-making and public works. May I mention a few instances: For old age pensions, from April 1, 1936 to September 30, 1937, $35,825,301.75. I should point out, by the way, that the writer of the article I already quoted, who said that old age pensions are a national scheme, is evidently mistaken, for on the contrary, the federal act only makes possible a contribution of seventy-five per cent by the dominion, in order to help the provinces to meet their obligations as regards their old people.

For direct relief to unemployed, and needy farmers and fishermen, from April 1, 1936 to December 31, 1937, $42,118,173.97. For direct relief in the western drought areas, from April 1, 1936 to January 31, 1938, $13,170,645.81. Relief projects, in Quebec alone, under the agreement of November 3, 1936, amount already paid, $2,420,944.59. Under the agreement of September 11, 1937, amount to be paid, $1,668,240.84. The latter payment has not yet been made, but it is the maximum amount of the federal contribution under the agreement of September 11, 1937. For the trans-Canada highway, to help the provinces in increasing their road work, from April 1, 1936 to December 31, 1937, $3,403,942.74.

There has been some criticism of the method whereby the federal government grants to the provinces money which they spend with practically no control. It is contended that, according to the best methods of administration, the government levying the taxes ought also to do the spending and that this sort of charity beginning abroad, so to speak, is putting a premium on extravagance and on the art of passing the buck. But what can be done to avoid that unless the federal government assumes responsibility for direct relief, relief works and other social services of a similar nature, and then the provinces would object strenuously to such a violation of their autonomy and invasion of their jurisdiction. That thing has happened, as I mentioned at the beginning of my remarks.

In 1887, the provinces did not seem to have the same idea as they now have respecting the inviolability of our constitution. Indeed, in that year, a conference between the provinces was convened in Quebec city by Hon. Honoré Mercier, and all the provinces sent representatives. The dominion was also invited, but declined. A number of resolutions were passed at that conference, all having the effect of asking for changes in the constitution, and they were sponsored by the provinces themselves. The provinces seeked to have those changes passed by the imperial parliament without consulting the dominion government, but the imperial government refused to submit the question to their parliament. It is interesting to see what important changes were being aimed at by these resolutions in 1887, of which there were eighteen. Here is a list of the main points that were covered by the resolutions:

1. Abolition of the power of disallowance of provincial statutes by the federal government.

2. Granting to the provinces the right to secure prompt judicial decisions on differences between federal and provincial legislation.

3. Interdiction to private individuals to question the validity of federal or provincial statutes after two years following the enactment of said statutes.

4. Limitation of the term of office for senators and the right of a provincial government to appoint half of the number of senators representing that province in the Canadian parliament.

5. Making provincial lieutenant-governors direct representatives of the king instead of federal officials.

6. Removing from the federal government the right to withdraw from provincial jurisdiction local public works under paragraph "c", sub-section 10, section 92, of the British North America Act.

7. Using for the purposes of federal elections, voters' lists made by the provinces.

8. Granting to the provinces the right to appoint stipendiary, police and other magistrates.

9. Giving away to the provinces all fees collected in connection with legal proceedings in provincial courts.

10. Giving to lieutenant-governors the right to issue commissions for holding sessions of the criminal courts, "nisi prius", etc.

11. The right of provincial legislatures to determine the privileges of the members of the legislative council and of the legislative assembly.

12. The right of provinces to do away with legislative councils—we still have it in the province of Quebec—because two provincial chambers are not a necessity.

13. Recognition of the right of provinces to the ownership of public lands;

14. Granting to provinces the right to legislate in matters of insolvency and bankruptcy;

15. Granting to provinces the right to pardon criminals, to commute or remit sentences or to stay the execution of a sentence;

16. Adjustment of provincial boundary lines;

17. Increase of dominion grants to provinces;

18. Recognition of the right of the provinces to go directly to the imperial parliament in order to secure constitutional amendments.

As will be seen by the list I have just given, the provinces, which are now so vehement in their claim for autonomy and the sacredness of the constitution, did not hesitate in the past to attack the federal autonomy,—because the dominion must also have autonomy,—nor to ask for changes in the constitution that would have been favorable to them.

Mr. PELLETIER: Would the hon. member permit me to ask a question?

Mr. BOULANGER: With pleasure.

Mr. PELLETIER: Would the hon. member be so kind as to tell us what happened to the requests made by the provinces on that occasion?

Mr. BOULANGER: The resolutions were forwarded to the imperial government with a request for an amendment to the constitution, but the British government refused to submit them to parliament.

The moral of the story is, Mr. Speaker, that there would be more peace, harmony and understanding in Canada if we were less inclined to forget how our country was established. In order to ensure general agreement and the proper functioning of our administrative machinery, it is necessary to return to the true conception of what our fathers wanted Canada to be. It is essential to recognize frankly and honestly that there is only one government that can speak in the name of the whole nation and exercise jurisdiction in matters of national importance and general interest and that there is on this northern half of America but one sovereign state, but one country in the legal sense, but one nation. This country, one of the fathers of confederation described as follows:

> I see in the distant future a great country bordering on the blue ocean, reflecting as of yore the shield of Achilles, the western mountain summits, the white-crested billows of the east, the meandering Assiniboine, the five great lakes, the St. Lawrence, the Saguenay, the St. John river, Minas Basin. On the shores of all these waters, in all the valleys to which they bring fertility, in all the cities and towns on their course, I see a generation of industrious, happy and moral men, free in theory as in practice—men capable of safeguarding, in peace as in war, a constitution worthy of such a country.

This country it is, in all its extent, in all its entirety, in all its essence, with its history, its institutions and its aspirations, that I want to love, that I want to serve. I am proud of being a citizen of this country, in all parts of which I feel at home. And why not? The discoverers, explorers, and missionaries of my race, the settlers, the merchants, the artisans of my race have contributed to the physical development of Canada, just as in 1867 my forefathers contributed to its legal creation as a new unit among the nations of the world, and, ever since, the members of my race have continued to contribute to its national life.

Right and proper though it is to insist on provincial autonomy, one must not lose sight of federal autonomy. In other words, while the provinces are autonomous in the sphere of the powers, jurisdiction and objects assigned to them by the constitution, the federal government is autonomous in national and general matters, as I endeavoured to show a moment ago. The secret of the proper functioning of our system of government should consist in the absolute and scrupulous respect of the border line between federal and provincial jurisdiction. I attempted to show that our system of government is very simple in theory and that the distribution of powers is quite clear. I also endeavoured to point out that if in practice difficulties and conflicts arose, it was due to the fact that the original conception of confederation had been departed from. To this conception we should return. On it depends the harmony of the relations between the central and provincial governments. Otherwise, in the words of an editorial writer, Canada runs the risk of being "balkanized," that is of becoming a group of jealous and quarrelling states. It is easy to see that such a situation would hardly be conducive to the advancement and happiness of the country. No, the Dominion of Canada was not established in accordance with the definition that Lord Balfour gave of the British Commonwealth of Nations. It is not composed of self-governing nations equal to each other and in no way subordinate one to another either in domestic matters or external relations. It is a homogeneous country with a central government possessing the full powers of a national government and having subordinate governments with jurisdiction over local matters in definite territorial divisions.

Such is the conception which our fathers had of Canada. Let us return to it, and all difficulties of interpretation and conflicts of jurisdiction will vanish. Let us return especially to the spirit of 1867, to the spirit of tolerance, of frankness, of unselfishness, of understanding, of good will, of broad-mindedness that made confederation possible.

Our fathers built solidly in 1867; they built for the future. They envisioned a country great, glorious and happy, a nation vigorous, united and determined to make its mark in world history. It is up to their descendants to transform this vision into reality. It is true that the world has evolved since 1867, that conditions have changed, but it should be easier for the Canadians of to-day to pursue and consolidate the undertaking of 1867 than it was at that time to create the Dominion of Canada. The ship of state may sail on unfamiliar seas, but those who are at the helm will bring it safely into port if they take their inspiration from those who built and launched it. The union and cooperation that made confederation possible will ensure its survival. Therefore, without ceasing to love the bit of land on which we were born and where we grew up, let us shun that narrow and destructive provincialism which is the greatest of national dangers and the most formidable obstacle to the realization of Canada's destiny. Let us think and act as Canadians for the good of our country, of all our country, and our country is more than a province. In the words of Honoré Mercier, let us put an end to fratricidal strife; let us be united.

Mr. T. L. CHURCH (Broadview): The question raised by the hon. member for Bellechasse (Mr. Boulanger) deals with one of the most important problems this country has to face. There is no country in the world so overgoverned and overtaxed as is Canada.

You may lay the blame for this if you like on the fathers of confederation, because by the British North America Act provinces were created for political and not economic purposes. In my opinion the time has come for us to have a new bill of rights under confederation, for the two industrial provinces of Ontario and Quebec. We hear a great deal about maritime rights, prairie rights, social credit rights and Pacific rights, but hardly ever do we hear any hon. members from Ontario and Quebec demanding a new deal for the two central industrial provinces. Fifty-one per cent of the people of the country are engaged in industrial pursuits, and I do not know where those two provinces will wind up—especially the municipalities. If the hon. member's motion should be adopted the governments of the provinces might as well be abolished. They should never have been created in the first place.

Under section 92 of the British North America Act, we have two municipal systems, one within the other, a ring within a ring; we have provincial governments with powers under that section, and a duplicate municipal system of cities and towns and counties, and what is the result? Overgovernment and overtaxation. The provinces give the cities and towns and rural municipalities only such powers as they see fit to give them. For instance, from 1867 to 1918 the municipalities had exclusively the field of income tax. Then, in 1918, the dominion invaded it; now the provinces have come along and taken from the municipalities one of the main sources of their income, namely the income tax.

The hon. member's motion begins:

In order to conform with the constitution—

Well, the constitution of this country seems to be more honoured in the breach than it is in the observance. Literally it is a constitution for some provinces and not for others. It would have been a sorry day for the hon. member who moved this resolution if it had been in effect when return No. 107 to an order of the house was brought down by the Minister of Labour (Mr. Rogers) last session. What was in that order? It showed that Quebec got more relief works than any other province in the dominion, in the form of schools, court-houses, public buildings of all kinds, roads, pavements—municipal pavements—built in the city of Montreal, botanical gardens, and so on; all these things were paid for by the general body of the taxpayers of Canada. I do not object to Quebec getting everything it can. I am one of those who do not believe in a sectional feeling; I believe in the principle of confederation, each for all and all for each. But Ontario and Quebec, the industrial provinces, are paying eighty per cent of the cash taxes of the dominion, and Ontario should have had similar treatment so far as municipal institutions go. This return is a most interesting one and shows that, "to the victors belong the spoils". Talk about a constitution; the facts in the return of which I have spoken show how the system works in practice.

The motion goes on to say:

—to respect the provinces' desire for autonomy—

What do the working people and farmers care about autonomy? How much do those who are out of work care about it? What do the real estate holders upon whom these heavy burdens are placed care about autonomy? You cannot feed the hungry by talking about autonomy.

The resolution continues:

—and to favour the betterment of the dominion finances.

Well, the government and hon. gentlemen opposite who support them are facing a railway deficit of forty million dollars. Who

were the authors of that railway policy? The Laurier administration and the Liberal administrations which succeeded it, by establishing another transcontinental railway when one railway with a double track would have done for many years to come, branch lines off it being built by the provinces or the dominion. The result is the government have to make up a forty million dollar annual deficit. The present government announced that if they were returned to office they would tackle this problem and settle it. They have not made a move even to appoint a committee or constitute any other body to settle it. They had the Duff report, which they ignored, also the Drayton-Acworth report of 1917, on railways, for a guide.

The resolution speaks about favouring "the betterment of the dominion finances." I will tell the house how they were bettered. The dominion finances were bettered by the dominion making a raid on the municipalities and taking away the source of over fifty per cent of their income. In my opinion the income tax should be restored to the municipalities.

I was astonished at the action of the Minister of Justice (Mr. Lapointe) in respect to this matter of income tax. The social credit movement in Alberta got all they asked for, namely a reference under the Supreme Court Act to the supreme court to settle the problem; but the poor old province of Ontario and the industrial provinces generally are not treated in the same way. The case of the King v. Caron decided that income tax was a direct tax and that the federal power could impose it. That case decided that the parliament of Canada has powers of direct and indirect taxation; that it can impose a system of taxation for any purpose whatsoever from the sky to the centre of the earth; that it can impose a direct tax. That case is not without certain exceptions and provisoes; and certainly there cannot be three bodies constituted in this country—the dominion, the province and the municipality—all imposing a tax on the very same class of personal property. That is not done in the case of bills of exchange, chattel mortgages, wills, succession duties and such things; yet in respect of this class of personal property a triple income tax is imposed. The question as to the power to make a second levy might very well be referred to the supreme court. The dominion comes along to a municipality and makes a raid itself for income tax; then it comes along a second time and is accessory after the fact to help the raid of the provinces as well, so that, with the provinces imposing a tax, there is a triple tax upon these poor people. On behalf of one industrial province I protest against it. I believe that the people of the cities and towns are not going to stand for it much longer. They want a share of this income tax which has been taken from them. The government has heard what the mayors think of it. Why in the name of common justice should Alberta get what Ontario cannot get—a reference to the Supreme Court of Canada on such constitutional questions? The purpose of having the supreme court is to deal with these very constitutional questions. It is no use making the privy council the goat of our constitutional system on all these constitutional questions. In my opinion a stated case should have been granted under the Supreme Court Act.

Lost, stolen or strayed, Mr. Speaker, is the federal power. Where is the federal power? Where is federal autonomy and authority, and where is Canada drifting as a result of lack of autonomy and absence of direct federal control? The federal government is not being administered in Ottawa; it is, in my opinion, administered in the capitals of the provinces. Eight Liberal governments and one quasi-Liberal government in these provincial capitals are usurping the powers of the federal authority. That was never the intention of the authors of the British North America Act. In 1935, on a similar motion I coined two phrases, one that the nine provinces were like a lot of Balkan states all quarrelling among themselves, and a second epigram that the British North America Act had the toilers of Canada in a strait-jacket. So they have. These are two economic truths.

Take the question I discussed the other day with reference to motor cars. I understand, from a letter I have received to-day from the head of one organization in the country, that he has been asked by one of the attorneys general what he thinks about our motor car regulations in Canada. I submit that what is wanted at the present time is a strong federal power if we are to solve some of the economic problems with which we are faced to-day.

Federal power, in the present state of affairs, is at its lowest ebb since confederation. Federal authority has become a door-mat for the provinces. The capital has been described as "the Washington of the north"; but the federal authority has been embarrassed by provincial governments and has been deficient in political strategy, so that with respect to sickness, unemployment insurance and many other problems it has been unable to take any effective action. And Ontario has been shackled worse than any other province inasmuch as it has been refused a stated case on income tax.

The motion which we have before us to-day deals with the question of constitutional reform. The four greatest problems facing Canada to-day, as they have faced the people of England, are constitutional, parliamentary, cabinet and law reform; but so far as this dominion is concerned, we sit still and do nothing about it. If any motion is brought forward with a view to having something definite done with respect to any of these problems, someone is sure to move the adjournment of the debate, so the motion can never be pressed to a vote. The government's policy is not only one of laissez-faire, but also one of laissez-mourir.

I do not know where this country is heading for or what is to become of our parliamentary system, with all the commissions and committees that are being appointed, and also government by order in council. This federal parliament seems to have no power. Under the British North America Act, for example, the provinces are given a cash subsidy with which to maintain provincial institutions. Do they maintain these institutions? No. I submit that this money should be earmarked for the purpose for which it is intended. The money paid out to the provinces should be definitely earmarked and the auditor general put in control to audit every dollar. What is the cash subsidy for? It is handed over to party A, that is to say the province, to be passed on to B, the municipality. Does the province pass it on for the purpose for which it is intended? Not at all. Do the provinces maintain such provincial or municipal institutions as are contemplated in the granting of the subsidy, school-houses, court-houses, gaols, hospitals, and registry offices? No. In Ontario under Sir Oliver Mowat the money was devoted to other provincial purposes. Many of these institutions are maintained by some of the provinces, but so far as Toronto and York are concerned, that is not the case. The municipalities are made to pay for all these provincial institutions towards whose upkeep Canada contributes.

The relief problem is in the same position. Some provinces receive one per diem grant; other provinces receive another greater per diem, and the whole thing is made a political football, as return No. 107 to an order of the house relating to relief works in Quebec and other provinces demonstrates.

As I say, the federal power is at its lowest ebb since confederation. The power of the House of Commons is usurped. Our powers under the British North America Act have been taken from us and handed over to useless, roving commissions. These commissions are making Cook's tours not only in Canada but in other parts of the world as well. They go to England, they travel all over Europe, and some of them wind up in the Black Sea; others go to Australia and the United States. They are fact-finding bodies that do nothing, and by the time we get the report of the present economic commission that is making a study of the British North America Act we shall have had an election. These useless, roving, terrestrial bodies do nothing but gather clouds of facts and are purely advisory, appointed to kill time and save the government from facing the facts.

Take the coal commission. What did that commission investigate? We have not heard from it one word about a national coal supply; we have heard nothing of the suffering of the ordinary man, the consumer. All the reports of these commissions when tabled are nothing but a modern tower of Babel in advice; for there is nothing but confusion and nothing practical to be found in them. We have a Liberal government here in Ottawa and Liberal governments throughout the provinces; but what have we had or what are we likely to get in the way of constitutional reform? My right hon. leader (Mr. Bennett) is absolutely correct in what he has said, and the time will come when they will have to follow his advice. The fact is that he was so far in advance of public opinion on this question, so far in advance of it as to have been the standard bearer; and I do not hesitate to say that he is the truest, ablest, most faithful and most courageous public man I have ever served under—and I have served under a great many. In my humble opinion, notwithstanding the way in which he was attacked because of the statement he made about the Rowell commission, he was absolutely correct in what he said, not only in his facts but in his law, and his policy for a round-table conference. No practical results have flowed from that commission, and none will in the end.

And what does the Minister of Labour (Mr. Rogers) do? Last session, referring to the social legislation of the previous administration, he described it at Pembroke as "counterfeit legislation." He said it was "counterfeit legislation." That may be his opinion, but what does the Canadian Liberal Monthly say? I quote:

> The Bennett social reform legislation has effectively tied the hands of the present government for well over a year, and has prevented the administration from exploring certain avenues of valid and constitutional social reform.

Will the present government tell us who has tied their hands? They have been in

power nearly three years, and if the measures put through by the previous administration were, as charged, "ill-considered, hastily drafted and condemned with the stigma of unconstitutionality," hon. gentlemen opposite must have known that those measures were unconstitutional when they were being enacted. Why did they not have measures of their own to propose? Return No. 107 proves that the constitution has been violated by these 450 votes I have indicated.

The other day a question came up with reference to the exemption of certain properties in connection with an agreement to which the dominion government is a party in Ottawa. Fire protection, water, police protection and other matters of that sort entered into the discussion. The British North America Act, the Municipal and Assessment acts, provide that crown property shall be entitled to exemption, and yet the government pays over a large sum of money to one municipality for fire, water and police protection. Well, what goes for one municipality should go for others, and other places should be paid for services the very same given federal property elsewhere.

Take another act in respect of which we find an invasion of federal rights—the Combines Investigation Act. That has been the star piece of political vaudeville during the past session. I intimated to the Minister of Labour that I had received a number of letters from housewives in regard to the prices of certain commodities. But what does he care about prices of butter, tea, bread, coal, or anything else? He appointed the Tory commission to investigate the coal situation, and they forgot to mention the consumer. There was not one word about a national coal supply. The hon. gentleman refers to my leader's legislation as "counterfeit legislation," but what about the Combines Investigation Act? The government has removed from the control of the law courts and grand juries the regulation of trusts and combines in restraint of trade. These combines are flourishing in Canada like a green bay tree; they are unmolested by the government of the day; the control over them has been taken from the courts and handed over to a useless body under an official known as the registrar of combines. When I presented the twenty-six letters from housewives in Toronto, I was told that I would have to see some gentleman named Mr. McGregor, Registrar of Combines, and after seeing him I would have to get in touch with the housewives; in other words I would have to pass the buck. Then I would have to draw up twenty-six different affidavits and then present them to the head of the department, and he in turn would communicate with his lord high commissioner, the Lord McGregor, who presides over the combines investigation department, and direct him to take train to Toronto to find out whether a combine existed. It is taking the matter out of the control of the criminal code altogether, and giving it to a nobody commission. Yet they talk about breaking the constitution and autonomy.

There are certain features of this motion which would make it a sorry day for the municipalities if the motion were passed. These relate to federal taxation and revenue. Under our constitution the federal government has unlimited sources of taxation, both direct and indirect, for any purposes whatever. Under the first clause of section 91 of the British North America Act, "public debt and property," the federal government makes many grants to the provinces. For example, it was under that that old age pensions, sickness and unemployment insurance, technical education, health and other matters were handed over to the provinces. And under that section there has been discrimination; some places happen to build an airport; others do not. Ontario seems to be an unfortunate province; at one time it was said that not a five cent piece would be given to Ontario. The hon. member for Parkdale (Mr. Spence) will remember that. We would not get one cent if the Minister of Labour (Mr. Rogers) and his combines commission had anything to say. What we need in this country is a Pym, a Hampden, an Eliot, to rise up and say, "We will not pay any of these taxes"; we will let the law courts say what the law is.

Another matter is the question of provincial subsidies and relief grants. Why are these not earmarked and under the control of someone or some federal officer? Why should they spend this money like water any way they like, millions of dollars handed over to the provinces? Then in addition they come along and impose an indirect tax on the municipalities for the same purposes, or deduct sums for expenses. The provinces in order to maintain revenue impose direct taxation, and take away the income tax from the municipalities. The British North America Act has the workers and the toilers of this country in a strait-jacket. What is to become of the municipalities; what is to become of the holders of real estate? Real estate is being confiscated, homes taken away. Such a policy has killed the construction and building industry on which hundreds of thousands of workers depend for their livelihood, and has starved municipal revenues.

If property owners are to be saved something must be done, and done right away. Real estate should be relieved of many of these burdens.

We want a British North America Act for the living, not for the dead. The original framers of the act were no experts; they were only ordinary laymen; they did not intend that the act they drew should be like the laws of the Medes and Persians; it was intended that it should be adaptable to existing conditions. Confederation now is at the cross-roads, the parting of the ways. The very fate of confederation is involved. This relic of antiquity, the British North America Act, is responsible for the failure of Canada to settle the economic problems referred to in the motion of the hon. member. If the motion should pass, what would become of education in the province of Quebec? I have here a statistical summary of the Bank of Canada, dated May, 1937. It deals with one feature in which I think the hon. member will be interested, namely, public support of education. It shows by provinces the grants by the dominion and the contributions from local taxation and the provinces to publicly controlled schools. In 1915, for all the provinces the proportion from dominion government grants was 1·9 per cent. And that has since been withdrawn, being for technical education. In the same year the proportion from the provinces was 12·3 per cent and that raised by local taxation, 85·8 per cent. Figures are given for 1920, 1925, 1930 and 1935, the proportions raised by local taxation in those years being 87·8, 86·4, 85·6 and 86·5 per cent respectively. In 1935 the grants from the dominion represented only one-tenth of one per cent as shown in Bank of Canada statistical summary, "public finance: education—government support of publicly controlled schools." I had proposed a system of scholarships long before the hon. member for Essex East (Mr. Martin) came to the house, from 1923 to 1930, and as reported at page 329 of Hansard of 1935, pointing out that something should be done to provide university national scholarships not only in medicine but in physics and chemistry, mining, scientific research, transportation and economics.

This constitutional question is not going to be solved by majorities in parliament or by parliamentary repartee. It is a problem calling for broad national sacrifice. The remedy for this taxation problem must be far-reaching and uncompromising, as much so as the application of conscription during the war. We have a war in Canada in this constitutional question, with tens of thousands of our citizens on relief. Unemployment has its dangers. We are united when there is an enemy at the gate, but facing these internal problems we are divided. These economic problems are our internal foes. The policy of the present government seems to be a policy of laissez-faire; do nothing at all; laissez-mourir; let them die a natural death; let them starve. In my opinion the motion should have included a vote of the people, on constitutional reform to abolish provincial legislation. There should be a vote of the people, giving them opportunity to express what they think about this government and overtaxation; there should be a referendum taken at the next general election. It would be a guide to the mother of parliaments in dealing with amendments to the British North America Act.

The province of Quebec has my sympathy; Quebec and Ontario are the two old industrial provinces, and to-day they are suffering together; they pay eighty per cent of the cash taxes of all Canada. I express my deep regret to the people of the prairies for the difficulties they are undergoing; but the poor farmers and industrial workers in Ontario and Quebec, as you probably know better than I do, Mr. Speaker, are suffering just as severely and are under just as great a strain as the people of the prairies. This is the third or fourth motion this session relating to reform, but we should have a select committee of the house appointed as soon as possible next session, representative of all parties, to take up the problem of constitutional, parliamentary, cabinet and law reform.

Mr. W. F. KUHL (Jasper-Edson): Mr. Speaker, as I see it this resolution raises again the oft-recurring question of jurisdictional legislation. I believe the time is long past when this vexatious question should have been settled once and for all. Progress in the much needed social legislation, initiated either by the provincial legislatures or by the dominion parliament, is constantly blocked by this question. Are we going to permit the people of this great and wealthy country to perish while the courts are busy deciding questions of jurisdiction, or are we going to set ourselves to the task of so arranging matters that the cause of these disputes will be eliminated?

I wish to suggest what I think should be done to overcome the great obstacle, and I wish to do so in as unpartisan a manner as possible, since this is a matter which far transcends any political issue, a matter which confronts every citizen of Canada regardless of his political ideas or affiliations. With the one exception of money I doubt if there is

any question in connection with which there is more confused thinking than as to the constitutional position which we occupy to-day. In my opinion the people of Canada are accepting a position which I do not think should be tolerated in a country calling itself civilized and democratic. We proudly proclaim that we are a sovereign nation, yet we admit that we must proceed to another country to have our constitution amended. We boast of ourselves as free Canadians, yet our census makes no provision for the enumeration of Canadians. We claim that we are a union of sovereign, self-governing peoples, yet we have no distinctive Canadian emblem to symbolize that position.

There is an explanation for these apparent anomalies, and I intend to avail myself of every opportunity to place before the house information which I believe casts light on this subject. I wish to discuss the statements contained in the preamble to the resolution we are at present considering, in order to indicate what I consider our constitutional position to be and what I think should be done to end once and for all this exceedingly vexatious question of jurisdictional legislation.

The mover of the resolution (Mr. Boulanger) in using the term "federal government" in connection with the constitution, no doubt implies that the British North America Act is a federal constitution; that Canada is a federal union and that this is a federal government. That is the hon. member's opinion, and I wish to take issue with him on all three points. On a previous occasion in this house I showed, I believe with sufficient evidence, that although it was the desire of John A. Macdonald and the other fathers of proposed confederation that the British North America Act should become a federal constitution, actually it did not. It became merely an imperial statute which joined the provinces into a united colony called a dominion, and not a federal union. It also made provision for a central government, but it did not become a federal government; it became a dominion government.

I feel that the use of the term "federal" in referring to this government is deplorable. We do not find the word "federal" in any of our statute books; it is always "dominion." I believe any one who carefully examines the history of this country will find absolutely no historical foundation for calling Canada a federal union or this government a federal government. I do not wish to repeat the arguments which I put forth on a previous occasion in this house. Hon. members who are sufficiently interested can refer to the address which I delivered on February 10, but at this juncture I might just repeat the nature of a proper federal union. As I see it a federal union is a union of sovereign states, mutually adopting a constitution. The status of sovereignty must precede confederation or federation. The confederation or federation can be consummated only by formulating an agreement in the nature of a constitution, which is and must be eventually ratified by the electors composing the union, and I do not think it requires very much investigation or examination of historical evidence to discover that no such thing has ever been done in this dominion.

I may be over-optimistic, Mr. Speaker, but I am hoping in the near future to see a new constitution created for Canada. I believe we should become prepared for it, and I believe the people of Canada should be made alive to the issue. I have become intensely interested in this subject, and have done a considerable amount of reading on it. I made quite a study of the history of the Australian constitution, and if the house will permit me to do so I should like to place on Hansard a brief summary of the manner in which the Australian people constructed their federal constitution. The information I have has been obtained from a book which I found very enlightening, dealing as it does with the whole history of the constitution in Australia. The book is entitled The Annotated Constitution of the Australian Commonwealth, by John Quick, LL.D. and Robert Randolph Garran, M.A., and I found it an illuminating and fascinating book, in which the whole question is dealt with in the most minute detail.

In placing this on Hansard I wish to show the extremely democratic method employed by the people of Australia in creating their constitution. Although for quite a number of years previously the colonies of Australia had been negotiating in an attempt to bring about a union, no really definite action was taken until January 29, 1895, when a premiers' conference was called at Hobart, at which conference certain resolutions were adopted. I wish to read this because I believe the first step in creating a new constitution for Canada would be similar action to that taken by the Australian colonies. The resolutions were as follows:

1. That this conference regards federation as the great and pressing question of Australasian politics.

2. That a convention consisting of ten representatives from each colony, directly chosen by the electors, be charged with the duty of framing a federal constitution.

3. That the constitution so framed be submitted to the electors for acceptance or rejection by a direct vote.

4. That such constitution, if accepted by the electors of three or more colonies, be transmitted to the queen by an address from the parliaments of those colonies praying for the necessary legislative enactment.

5. That a bill be submitted to the parliament of each colony for the purpose of giving effect to the foregoing resolutions.

6. That Messrs. Turner and Kingston be requested to prepare a draft bill for the consideration of this conference.

Those were the resolutions adopted by the premiers' conference, the first really definite step in the creation of a federal constitution for the Australian commonwealth. The authors make this comment:

The draft bill was considered, amended and agreed to as the draft of a type of bill suitable for giving effect to the resolutions of the conference.

The draft bill provided that the convention, after framing a draft constitution, should adjourn for a period of not less than thirty and not more than sixty days.

This made it possible for the various governments to register their objections.

The merits of this scheme were obvious and notable. It avoided all the great defects of the process of 1891. It secured popular interest, by providing that the members of the convention should be elected by the people themselves, and that the constitution should be submitted to the people themselves for acceptance. It conciliated the parliaments by giving them a voice in initiating the process, a voice in criticizing the constitution, before its completion, and a voice in requesting the enactment of the constitution after acceptance. In other words, whilst necessarily assigning to a single body, representative of all the colonies, the task of framing the constitution in the first instance, and finally revising it, it ensured that both the peoples and the parliaments of the several colonies should be consulted at every stage—in initiation, in deliberation and in adoption. And lastly by making statutory provision in advance for every step of the process, it ensured that the matter once begun should be brought to an issue. No fuller security could have been given that the constitution would be based upon the will of the people and of the people's representatives.

The next step in the creation of the constitution was the Bathurst convention of November, 1896. This was known as the Peoples' Federal Convention, and was a convention of two hundred representatives of the various colonies of Australia. The authors state:

Its chief benefit was that it dissipated the atmosphere of suspicion in the minds of a section of the people with regard to the commonwealth bill.

Following this were the convention elections. Elections were held, and the number of candidates which entered the field indicates the enthusiastic manner in which the people constructed their constitution. In the colony of Victoria there were twenty-nine candidates in the field, only ten of whom were to be elected. In South Australia there were thirty-three candidates, and only ten to be elected. In Tasmania there were thirty-two, of whom only ten were to be elected.

The next step was the Adelaide convention held on March 22, 1897. At this convention three committees were set up, the first of which was for the consideration of constitutional machinery and the distribution of functions and powers, and was to consist of four members from each delegation. The two remaining committees were set up to deal with other matters. Following this the legislatures of each of the colonies considered the draft constitution, and suggested amendments which they deemed wise.

The next step was the Sydney session of the convention, held on September 2, 1897. The authors make this comment:

This convention was called to reconsider the draft constitution together with amendments suggested by legislatures. On September 9 a resolution moved not to conclude work until Queensland was represented. Resolution was carried. 286 amendments were considered. Due to shortness of time four main resolutions were considered.

This conference adjourned on September 24 until the final session, which was held in Melbourne on January 20, 1898. It would appear, then, that the next step in the construction of their federal constitution was the Melbourne session of 1898. This was the last and most important, extending from January 20 to March 17. On the last day Mr. Barton made a motion inviting the premiers of all the colonies to supply copies of the draft constitution to the electors. Mr. Kingston, in putting this motion from the chair, made the following enlightening statement which I should like to place on Hansard:

It seems to me that this is not the time when one should stand trembling on the brink of a distinct declaration as to future policy in connection with this great movement. I can but speak for myself alone; but in regard to this constitution I say unhesitatingly that I accept it gladly. More, I welcome it as the most magnificent constitution into which the chosen representatives of a free and enlightened people have ever breathed the life of popular sentiment and national hope. Mine will be no Laodicean advocacy; but with such ability as I may possess, and with the fullest enthusiasm and warmth of which my nature may be capable, with my whole heart and strength I pledge myself to recommend the adoption of this constitution, daring any danger and delighting in any sacrifice which may be necessitated by unswerving devotion to the interests of the commonwealth of Australia.

I think those remarks indicate the highly democratic principles that were followed from beginning to end in the creation of the Australian federal constitution.

The next step we find is the referendum on the draft constitution, taken in 1898. The authors make this comment on the first referendum:

In accordance with the requirements of the enabling acts, the draft constitution was forwarded to the governors of the several colonies by the president of the convention and by the representatives. From the rising of the convention an interval of eleven weeks elapsed before the popular vote was taken in four colonies, an event which in New South Wales, Victoria and Tasmania, was fixed for Friday, June 3, and South Australia for June 4. Western Australia alone took no action, but awaited the result of the vote in the other colonies. In the colonies in which the vote was to be taken copies of the draft constitution were freely distributed to the electors. In New South Wales and Tasmania the constitution was accompanied by an official explanation prepared by R. R. Garran; in Victoria the Melbourne Argus published an unofficial statement by Doctor Quick; and in South Australia a summary of its provisions was circulated by the government.

The campaign for and against the constitution began promptly and was vigorously conducted by the newspaper press, the federal representatives of each colony and prominent politicians of all parties.

I have here the results of the first referendum. I shall not give the figures in detail but they indicate that the majority in favour of the constitution at its first draft was 111,349.

On January 29, 1899, all six premiers met in conference again and arrived at a unanimous agreement. A second referendum was held, so that the people of Australia had the opportunity of voting on their constitution on two occasions; and it is interesting to note the difference in the size of the majority in favour of the constitution. On the second referendum the majority in favour of the constitution more than doubled, being 236,602.

Mr. STIRLING: How many voted?

Mr. KUHL: Here are the totals: Total number of people voting yes, in favour of the constitution, 377,988; total voting no, 141,386. The authors make this interesting comment on the situation:

These figures are a striking proof of the extent and sincerity of the national sentiment throughout the whole of eastern Australia; and they are also a unique testimony to the high political capacity of the Australian people. Never before have a group of self-governing practically independent communities, without external pressure or foreign complications of any kind, deliberately chosen of their own free will to put aside their provincial jealousies and come together as one people, from a simple intellectual and sentimental conviction of the folly of disunion and the advantages of nationhood. The states of America, of Switzerland and of Germany were drawn together under the shadow of war. Even the Canadian provinces were forced to unite by the neighbourhood of a great foreign power. But the commonwealth of Australia, the fifth great federation of the world, came into voluntary being through a deep conviction of national unity. We may well be proud of the statesmen who constructed a constitution which, whatever may be its faults and its shortcomings, has proved acceptable to a large majority of the people of the five great communities scattered over a continent, and proud of a people who, without the compulsion of war or the fear of conquest, have succeeded in agreeing upon the terms of a binding and indissoluble social compact.

Again I wish to remark that such comments indicate the highly democratic nature of the method by which the people of Australia constructed their constitution.

The final act was the conference of the premiers in 1900, from January 24 to January 27. This conference arranged for a delegation from the states to be present at Westminster when the bill was passing through the imperial parliament. On July 9 the queen gave royal assent to the measure, and on September 17, 1900, the queen signed a proclamation declaring that on and after the first of January, 1901, the people of New South Wales, Victoria, South Australia, Tasmania and Western Australia should be united into a federal commonwealth under the name of the Commonwealth of Australia.

There is one more paragraph I should like to place on Hansard. The authors of this book discuss the constitution clause by clause, and there is an interesting comment at the words "have agreed." This is what they say:

These words make distinct and emphatic reference to the consensus of the people, arrived at through the procedure, in its various successive stages, prescribed by the substantially similar enabling acts adopted by the legislatures of the concurring colonies. In four of the colonies acts were passed enabling the people to take part in the framing and acceptance or rejection of a federal constitution for Australia. Through those acts the people agreed, first, to send representatives to a federal convention charged with the duty of framing for Australia a federal constitution under the crown in the form of a bill for enactment by the imperial parliament; and, secondly, they agreed to pronounce their judgment upon the constitution at a referendum, which in each colony was arranged to follow the convention. In all the colonies the constitution was eventually referred to the people. At this referendum each voter was enabled to vote by ballot "Yes" or "No" on the question asked in the ballot paper, "Are you in favour of the proposed federal constitution?" In this manner there was in four colonies a popular initiative and finally in all the colonies a popular ratification of the constitution, which is thus legally the work, as it will be for all time the heritage, of the

Australian people. This democratic method of establishing a new form of government may be contrasted with the circumstances and conditions under which other federal constitutions became law.

My suggestion, therefore, to settle once for all these jurisdictional disputes is that the provinces of Canada be called together in a constituent assembly for the purpose of drafting a new constitution, to be finally ratified by the Canadian people. The question as I have tried to put it to the house was very simply summed up by Doctor Beauchesne in the evidence he gave before the special committee on the British North America Act in 1935. I should like to quote Doctor Beauchesne because I think he sums up the whole situation exceedingly well. His evidence will be found at page 125 of the report of proceedings:

When the British North America Act was passed, the population of the four provinces which formed the Dominion of Canada aggregated 3,070,601, or less than the present population of Ontario or Quebec. The total revenue of the dominion in 1868 was $13,687,928, and the total expenditure $14,071,689. The net debt of the country was $75,757,135. Our railway mileage was 2,278. Motor vehicles were not known; aviation was a dream. The west was uninhabited except by Indians, half-breeds, fur dealers and roaming buffaloes. The population of British Columbia was very small since it was put down in 1871 to 45,000, of which number only about 9,000 were whites. Prince Edward Island had a population in 1861 of 80,857.

The act was passed mainly as a compromise because the legislature was so deadlocked that nobody could form a government. We were then a colony with a governor who still received elaborate instructions from the colonial office. There was no question of our representation in foreign countries; we were not even allowed to negotiate our own treaties; there were British garrisons in our country; social reform was looked upon as the last word of dangerous radicalism.

We have since progressed very materially; our industries have been multiplied; our urban population has exceeded our rural population; the war and its dire consequences have appeared; imperial conferences have taken place; the British commonwealth of nations has been formed; the statute of Westminster has altered our status. Most of the provinces have lived beyond their means, but they have let up on the autonomy principle in later years. Nobody will doubt that economic legislation in Canada is more difficult of introduction than in any other country in the world, on account of our dual system of government. The time has come, in my humble opinion, when the British North America Act, except as to minority rights, should be transformed and a new constitution more in conformity with present conditions should be adopted. Amendments here and there would be mere patchwork which could not last. The people of 1867 are different from those of 1867. What we want is a new constitution.

[Mr. Kuhl.]

All let or hindrance to the creation of a federal union under the crown, as requested by Canada in the Quebec resolutions, has been removed. We can emulate Australia and follow the leadership of and bring to fruition the vision of the first prime minister of Canada, Sir John A. Macdonald, by constructing a constitution and creating a federal union. This I believe to be the only method of dealing with the questions raised by a resolution such as this. I see no other way out, and I believe sooner or later the people of this country must become reconciled to that fact.

So far as the resolution itself is concerned, in my opinion such action as would arise out of the adoption of the resolution would be entirely inadequate to begin to solve our present problem; consequently I am opposed to it from this point of view. So long as the provinces of Canada are compelled to accept the present constitutional position and division of powers, with the central government having complete jurisdiction over the question of money, I feel that the central government must accept the responsibility of seeing that there is sufficient money in the country to make financially possible what is physically possible.

On these grounds, Mr. Speaker, I must oppose the resolution.

Hon. NORMAN McL. ROGERS (Minister of Labour): As the discussion has gone somewhat far afield, I think it might be useful if I reminded the house of the terms of the resolution actually before us. I do this with no disrespect to my hon. friend who has just spoken (Mr. Kuhl), but simply in order that we may understand quite definitely the proposal under consideration.

The motion is expressed in the following terms:

That, in the opinion of this house, in order to conform with the constitution, to respect the provinces' desire for autonomy and to favour the betterment of the dominion finances, the federal government should cease making financial contributions towards the execution of projects which are entirely within the jurisdiction of said provinces.

I am sure the hon. member for Bellechasse (Mr. Boulanger) will forgive me if I do not take up in detail the several arguments he has advanced in support of the resolution. Perhaps I may plead my limited knowledge of French as a partial excuse for any failure on this account. I do know that he dealt in a very forceful and competent manner with certain references to autonomy which have been made in recent months in a number of our provinces.

Apart entirely from the merits of the specific proposal contained in the resolution,

I believe the hon. member for Bellechasse has done a real service in bringing before us at this time the wider implications of the policy of federal grants in aid to assist provincial governments in the discharge of their constitutional obligations. I propose to deal in a few moments with some of these wider implications of the resolution, because I believe it is of vital importance that we should understand some of the consequences of certain policies which have been followed by successive dominion governments during the past twenty-five years.

Perhaps I should say at once that the resolution in its present form is not one that can be accepted, and I hope that the hon. member for Bellechasse will see fit to withdraw it at the close of the debate, after a number of other members of this house have spoken to it.

It is proposed that the dominion government should cease making financial contributions toward the execution of projects which are entirely under the jurisdiction of the provinces. It will be agreed, I think, that there is no material distinction in principle between grants in aid for projects of the nature of public works—highways and bridges —and grants for projects of the nature of social services. In its strict interpretation the term "projects" might be confined to public works and undertakings, but in its broad interpretation it would certainly include social services within provincial jurisdiction, including old age pensions, pensions to the blind, certain public health services, and the provision of relief to those who are physically disabled and unemployable. So far as these services are concerned it is clear, I think, that the dominion government could not withdraw its financial assistance to the provinces at this time without a very serious dislocation of existing arrangement for social assistance. I have no doubt, however, that this whole question—and it is one of the most important questions of our time—will receive very careful study during the investigation which is now being conducted by the royal commission on dominion-provincial relations.

The mover of the resolution did not refer at great length to public works projects in the provinces which in recent years had been assisted by financial contributions from the federal treasury in order to afford relief from unemployment. At the same time it is within the knowledge of all members of the house that there has been some opposition to this policy as it has been followed by the dominion government since 1930. I am not going to attempt to deal in detail with the various features of the policy under which the dominion government is giving financial assistance to the provinces for public works. It began, as I have said, in 1930, and has continued without interruption up to the present time. Very large sums of money have been granted by the dominion government for this purpose. As a result, undoubtedly, there has been a decided gain in what might be termed the social capital of the nation. Highways have been built which without that assistance might not have been constructed. Assistance has been given to public works, playgrounds and recreational facilities in various provinces. Developmental roads have been constructed into mining areas, and unquestionably, through the assistance thus given by the dominion government, there has been a stimulus to the tourist trade of our country.

When all this has been acknowledged, I think it must also be admitted that as unemployment projects these public works have had a limited value. When this administration came into office we found that this policy of giving assistance for the construction of highways in particular had been followed in previous years and we felt that it should be continued at least for some time. In our agreements with the provinces, however, we did make a stipulation that those employed upon these public works projects should be taken as far as possible from relief rolls. We did not insist that all so employed should be taken from the relief rolls. We realized fully that there were many deserving people in necessitous circumstances who had kept off relief rolls and that full consideration ought to be given to this group of the unemployed. We required, therefore, that fifty per cent of those employed upon these public works projects should be taken from relief rolls. I am in a position to tell the house that on the whole that stipulation has been observed in the various provinces, and certainly municipalities adjoining such works have received a measure of benefit by reason of the fact that a considerable number of heads of families and individuals previously on relief have been given employment through these joint projects.

The necessity for works of this kind depends, of course, upon unemployment conditions. As these conditions have improved from year to year we have felt justified in reducing this form of assistance to the provinces. During our first year of office the sum set apart for this purpose, that is, for assisting the provinces in such works, was $14,895,574. I may say that the new amount voted was some $10,000,000. The remainder was a revote for works uncompleted in the

program of the previous year. In the last fiscal year the sum was $7,331,000. Here the new amount voted was $5,500,000, the remainder being revoted from works uncompleted in the previous year. It will be seen that in this assistance which we have given the provinces we have followed very carefully the improvement in employment conditions, and while these works were designated as relief works we have gone as far as we felt we reasonably could in ensuring that those employed upon them should be taken from relief rolls.

I suggested at the beginning, however, that the resolution goes much beyond the question whether the dominion government should assist the provinces in the construction of highway projects and public works for the relief of unemployment. The resolution directs attention to the general policy of federal assistance to the provinces, which is of very great constitutional importance, and I know that the mover in what he has said this afternoon has realized full well that by the adoption of the policy of grants in aid to the provinces we have probably retarded the adoption of a suitable method of amending our constitution. Not only that, but almost unconsciously we have entered upon a broadening field of dual responsibility with the provinces in relation particularly to social services; and I would say to the house, out of the experience I have had in the past two years, that I know of no more difficult administrative system than that of dual responsibility in relation to social services. Hardly a day passes, when, through correspondence or delegations, this government is not asked to contribute to particular projects for the relief of unemployment. These projects present a most bewildering variety. The federal government is asked to contribute to municipal waterworks, sewage disposal plants, sidewalks, recreational centres, community halls, and many other projects of this kind. Indeed, if we consented to make expenditures for these various purposes it is not too much to say that responsibilities which ever since confederation have been regarded as belonging exclusively to the municipalities and provinces would be placed largely upon the federal government.

Mr. LAWSON: Would the minister care to make a statement from his experience as to the advisability of these social services being national in their aspect, assuming that funds were available to carry them on as a national effort?

Mr. ROGERS: I am not prepared to say that all these social services should be placed on a national basis. There are some that by reason of their character certainly ought to be on a national foundation. I refer particularly to unemployment insurance. As my hon. friend is aware, health insurance is regarded by some provinces as being properly the function of the provincial governments, and so with mothers' allowances and workmen's compensation. My thought would rather be this, that, whatever we do in connection with this great question of social services, we should try to define our responsibilities. We should try to escape from this blind alley of dual responsibility, because as long as dual responsibility continues you are going to have misunderstanding and friction between the dominion and the various provinces that are concerned in the discharge of that dual responsibility. I see no possible way of avoiding it. Not only that, but once our responsibilities are clearly defined, this federal government cannot be charged with seeking to evade its proper obligations. There have been many charges in recent years, possibly some of them justified, that this government and other governments have sought to evade their proper responsibilities by shifting them to other governmental agencies. That has not been a good thing for government in this country, because unquestionably it has created in the minds of many people the thought that governments were not taking their duties seriously, and were only too glad to find some excuse for avoiding them. That has not been the case generally speaking; in saying that I speak not only for this administration but for other administrations which have been charged with responsibility for national affairs.

I am sorry the hon. member for Winnipeg North Centre (Mr. Woodsworth) is not in his seat—and I do not say this in criticism of him, because he is very constant in his attendance in this house. But the other day, speaking on a resolution which dealt with a very important social service, he said he assumed that in due course, after the discussion had gone on for a little while, some minister of the crown would rise in his place and plead that nothing could be done because of the question of jurisdiction. Mr. Speaker, it would be a sorry day for government in this country if it became a matter of reproach that a minister of the crown should seek to uphold the constitution. I do not suggest that there should be any evasion of responsibility, but equally I believe most strongly that we should be willing to observe the lines of demarcation which can properly be drawn between federal and provincial obligations.

May I say this, that the hon. member for Winnipeg North Centre and those who from time to time charge this government with avoiding its responsibilities because of the question of jurisdiction are at the same time impressing us with the importance of adopting a suitable procedure for constitutional amendment. I should like to argue the point —I could do it with strong conviction—that nothing has done more in recent years to prevent the adoption of a suitable procedure of constitutional amendment than the submission of the federal government to the financial demands of the provinces. I am not wholly blaming the provinces in this matter, because they too have been faced with serious difficulties. But our progress in the direction of constitutional amendment has been retarded by our submission to pressure to assume added financial responsibilities without at the same time acquiring administrative power. Time and again that has happened. One need only glance at the order paper to-day to see several resolutions which propose a continuance of that policy, a policy under which, for example, this dominion parliament would make further grants in aid to provinces to assist them in the discharge of their proper constitutional obligations.

Sooner or later, and I trust after the royal commission on dominion-provincial relations has made its fact-finding report, this government and the country at large will have full information as to what might properly be the dividing line between federal and provincial jurisdiction with respect to these vital questions. I think it must be the wish of every hon. member of this house that this inquiry will succeed in its object, and that it will be possible upon the basis of the information thus obtained to secure the amendment of our constitution, and as far as possible escape from this practice of dealing with social services upon a basis of dual responsibility.

I should like to place briefly before the house the train of events which has led to the present situation. The hon. member for Bellechasse has dealt with the financial arrangements that were made at confederation. At that time, as he well knows, there was no assumption on the part of even the most enlightened statesmen that governments would be called upon to assume social responsibilities which then were supposed to attach to families or to individuals. There certainly was no thought that provinces would be faced with the necessity of laying out millions of dollars upon hard-surfaced highways. I suppose it was hardly within the mind of any at that time that people would have the means of travelling by motor car over such highways extending ultimately across the whole of Canada. Naturally the arrangements made at confederation were subject to the limitations of the thought and vision of those who lived in that day.

I find that the total expenditures of the Dominion of Canada in 1869 amounted to $14,000,000. Out of that total some $2,600,000 was paid in subsidies to the provinces. The provinces at that time felt that with the subsidies and with what they were raising by direct taxation they would be fully equipped to meet any demands that might be made upon them. Certainly there is nothing in the debates of the confederation period to suggest that in the opinion of the provincial governments there was likely to be any rapid and large increase in their own expenditure.

That financial settlement at confederation was designed to be permanent, yet it was altered only two years after the British North America Act came into operation. In 1869 the province of Nova Scotia made its first appeal for better terms. At that time there was strong agitation for repeal in Nova Scotia, and the government of the day felt that it was in the interests of the country that the appeal of Nova Scotia should be recognized and that the province should receive further financial assistance. But I should like to call the attention of the house to this fact, that the assistance given to Nova Scotia, which was the first alteration in the financial arrangements of confederation, was carried out simply by a statute of this parliament, not by an amendment of the British North America Act. Edward Blake in Ontario protested strongly against this course of action being followed. A resolution was passed by the Ontario legislature suggesting that in this important matter, which after all involved a disturbance of the financial arrangements of confederation, there should be a proceeding by way of constitutional amendment. That protest was referred to the law officers of the crown in Great Britain, and the federal government of that day, under Sir John A. Macdonald, was advised that this parliament had entire control over the disposition of its own revenues. Thereafter parliament and successive dominion governments have been in the position to make arrangements with any single province in this country to relieve grievances, in connection with dominion-provincial financial affairs, and to do so without at the same time attempting anything in the nature of a general settlement with other provinces. I think it is not too much to say that this decision, based as it was on the report of the law officers of the crown in 1869,

was a fateful decision in Canadian history. Certainly it served to open the door to the kind of financial improvisations which have done more to disturb and aggravate dominion-provincial relations in this country than any other single cause. From that time to the present day there have been no less than twenty-six rearrangements of general subsidies in this country. There has been only one settlement which applied to all provinces. That was in 1907, and the settlement of that day was based very largely upon recommendations made twenty years before by the interprovincial conference held in the city of Quebec. That settlement of 1907 was assumed originally to be final and unalterable, an assumption based upon the fallacy that it is within the power of any group of men to predict with confidence what new burdens shall fall upon governments in future years. The words "final and unalterable" were omitted from the enacting sections of the constitutional amendment. The revision of 1907 was only in force five years before it was altered in favour of the province of Prince Edward Island.

Some few years ago I had occasion to make an extensive study of the structure of dominion-provincial finance, and I can say to this house that one who makes such a study of the development of the financial relations between the dominion and the provinces cannot escape the conclusion that the arrangement as it now subsists conforms to no logical and intelligible principle. The review of these financial relations now being undertaken by the Rowell commission, the first general review of such dimensions in the history of our country, ought to have been made many years ago. Certainly had that been done, in particular in the period immediately following the great war, I believe we could have avoided many practices which have tended to aggravate our difficulties in recent years.

So much for general subsidies as a feature of dominion-provincial finance. I turn now to another development which has taken place particularly in the post-war period, but which was begun in 1913. As I have said, it was impossible to predict at confederation what new burdens would be placed upon governments, whether those governments were national or provincial. As time went on there developed in the provinces demands for services of an educational nature which were far beyond the thought of anyone at the time of confederation. In 1913, because of the financial need of the provinces, and certainly upon the assumption that the provinces themselves could not finance this service, this parliament granted assistance for agricultural instruction. Following the war we had a whole series of statutes under which this parliament gave grants in aid to the provinces for the construction of highways, for technical education, for employment offices, for combating venereal disease, for better housing, for old age pensions; and more recently—and I do not question for a moment the necessity here—the dominion government came to the aid of the provinces in connection with the emergency which developed out of the serious depression which began in 1930. But in all these grants in aid to the provinces there was, so to speak, an attempt made to superimpose an extra-constitutional structure of social services and grants in aid, upon the financial arrangements and distribution of powers made at confederation. We have, not all at once, not even consciously, but step by step, departed from the original arrangements of confederation, and without constitutional amendment have built up a structure of social services very largely upon a system of grants in aid to the provinces.

That, Mr. Speaker, brings me to the point with which I was dealing at the outset. I fully agree with the hon. member for Bellechasse that this indirect means of meeting a constitutional difficulty is not the best method of meeting the situation. It has had several results, and I think we should keep these results in mind, particularly when we are thinking in terms of improving or renovating our constitution. First, it has broken down the fences which divided federal and provincial responsibility for public works and social services. I doubt if that point needs any elaboration in this house. Secondly, it has exposed the federal government to charges of evasion or parsimony whenever it has refused financial assistance to projects and services which the constitution has placed within the provincial jurisdiction. Here, too, our experience affords ample confirmation of the truth of the assertion. Time and again this and other federal administrations, which after all have their own definite and enlarging responsibilities under the constitution, have been asked to assume financial responsibilities which belong properly to the provinces. I had occasion a few days ago to state my own conviction, that in advance of a thoroughgoing revision of our constitution it would be folly on our part to assume complete responsibility in relation to disabled persons and unemployables now on municipal relief lists. Yet there are those who believe that here too the dominion, without any attempt at constitutional amendment, in advance of constitutional amendment, and in a way which

will retard constitutional amendment, should assume financial responsibilities without obtaining administrative powers.

In the third place this policy of conditional grants in aid has tended to provoke almost incessant controversy on constitutional powers and obligations and has produced endless friction in the relations between dominion and provincial governments. This statement is beyond contradiction. Dual responsibility, while potentially a field of cooperation, human nature being as it is and sectional interests being as they are, becomes almost of necessity a field of conflict and of friction. Personally I do not despair that this field of potential cooperation can yet be fertilized and cultivated, but I can say that after my own experience of the last two years I speak less positively of the possibilities of cooperation in the field of dual responsibility than I was inclined to do some time ago. Certainly these controversies between governments at this time, when other systems and philosophies are competing for our allegiance, is a danger to the maintenance of our institutions, and it ought to be our purpose, as far as in us lies, to prevent a recurrence of that friction. I do not suggest that it can be done at once. Neither do I suggest that the wise way to avoid it is by surrender, either on the part of the federal government or on the part of the provincial governments. But I do believe that each of us in his own field of responsibility ought to recognize the danger of prolonging misunderstandings and friction, so that in due course we shall be able very largely to escape from dual responsibility and so divide our functions that a national government will have power and resources to do the things that a nation ought to do and that provincial governments likewise will have power and resources to discharge their proper functions under the constitution.

Finally, the system of giving indirect assistance to provinces, in advance of constitutional amendments, has delayed action in securing the cooperation of the provinces in the adoption of an accepted procedure for the amendment of the British North America Act.

The importance of this question cannot be over-emphasized. It is true that we now have a royal commission examining the whole field of dominion-provincial relations. When that commission has reported, as a people we shall still have before us the problem of devising an amendment procedure for our constitution. This is the only federal state in the world which does not possess the power of amending its own constitution. I would not suggest that in any amendment procedure which could be adopted there should be the slightest departure from the most ample protection which can be afforded minority rights. Those rights, after all, are grounded anciently in the Treaty of Paris, in the Proclamation of 1763 and in the Quebec Act. They are inviolable. They at least are the basis of partnership; they at least may be expressed in terms of a compact. But when we go beyond these minority rights attaching to race and religion, I believe that if we are to avoid futility and frustration as a national government we must devise some flexible procedure of amendment through which the people of this country, having confidence in its national destiny, will be afforded the means through which their national government can respond to national needs and ideals.

We are confronted year in and year out with necessities which we cannot meet wisely and efficiently because we have not the procedure of amending our constitution. Lacking that, as I have said, we have continued with the alternative method of grants in aid which in my opinion, is improvident and inefficient.

Mr. WALSH: Would the minister elaborate on his definition of the word "flexible"?

Mr. ROGERS: We have examples of flexible methods of amendment in other countries. I would go so far as to say that we should at least have an amendment procedure which would enable us to transfer jurisdiction either from the dominion to a province, or from a province to the dominion, without requiring the consent of all provincial legislatures.

I am not in this referring to minority and racial rights, because I have already made it clear that with respect to them I believe there is the strongest possible cause for requiring unanimous consent. But, apart from that there is no federal state in the world which has not some procedure of amendment which would enable its government to meet changing needs and advancing social ideas.

I have spoken longer than I had intended because of the wider implications of the resolution to which I have referred. The matter raised by the hon. member for Bellechasse is one of greater importance than would appear at first glance. In his closing sentence he spoke most eloquently of the possibility of this country achieving national unity. It is not too much to say that the essential task before us to-day is the restoration of that unity. It is a task of the utmost difficulty. It is not the mission of one party, although naturally the party in power has a special responsibility in relation to it. It presents a challenge to all of us, regardless of what our political allegiance may be.

We must recognize that dangerous devices and tendencies which have crept into our governmental system, particularly in the post-war period, are not beyond eradication. We must also have faith that sectional points of view, however strongly and forcibly they may be expressed at times, do not represent a desire on the part of those expressing them that the country should retreat from its national destiny. One must hope that in the immediate future there will be a mobilization of national opinion throughout our country, a mobilization having its origin in a realization of the gravity of the present situation, and having its stimulus in the faith that we still have the will and the capacity to accomplish difficult tasks. Let us trust that this mobilization of opinion will secure for us what we have long lacked—amendments to our constitution, and a procedure by which under that constitution we can deal effectively with new problems as they present themselves in future years.

Mr. BOULANGER: Mr. Speaker, I ask that the resolution be withdrawn.

Motion withdrawn.

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

Thursday, March 10, 1938

The house met at three o'clock.

BRITISH COLUMBIA AND YUKON

RETURN BROUGHT DOWN FEBRUARY 28—FURTHER CORRESPONDENCE TABLED

Hon. T. A. CRERAR (Minister of Mines and Resources): Mr. Speaker, a few days ago the hon. member for Comox-Alberni (Mr. Neill) drew attention to the fact that in the file relating to a proposal for transfer of the Yukon territory to British Columbia the correspondence was incomplete. Upon looking it up, I found that the order calls for correspondence from April 1. There were a few letters exchanged in March, and I table them herewith.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

ST. LAWRENCE SHIP CHANNEL

Mr. PELLETIER:

1. Has Mr. N. B. McLean, M.E.I.C., chief engineer, been retired from the government service?

[Mr. Rogers.]

2. If so, on what date?

3. Who has been appointed in his place?

4. What are the new appointee's qualifications?

5. How was he appointed?

6. On whose recommendation?

Mr. HOWE:

1. Mr. N. B. McLean, former chief engineer, St. Lawrence ship channel work, is on leave, preparatory to superannuation.

2. Superannuation leave expires July 1, 1938.

3. Mr. J. E. St. Laurent.

4. Graduate engineer, university of Montreal; twenty-eight years' service with department of public works of Canada, on construction and dredging work.

5. By promotion and transfer.

6. Appointment by civil service commission.

Mr. PELLETIER:

1. Did the government purchase any new equipment in the form of barges, dredges or floating equipment for use in connection with the St. Lawrence ship channel project during the past ten years?

2. If so, what is the designation, date of purchase, and total cost of each item?

Mr. HOWE:

1. Yes.

2. (a) Purchased: "Leon S." (D.T. No. 7) gas launch, $12,155.

(b) Built by contract: Hopper barge No. 5, 1930, $226,428; outboard motor launch, 1930, $85; 4 floats, 1931, $1,200; gas launch (D.T. No. 5), 1928, $6,850.

*CANADIAN WHEAT BOARD OPERATIONS, 1935 AND 1936

Mr. TUCKER:

1. Does the government intend to take any action in respect of the $9,628,881.31 profit obtained on the sale by the Canadian wheat board of the wheat taken over by the said board from the Canadian Cooperative Wheat Producers Limited on December 2, 1935?

2. Does the government consider that the loss of said board in its operations in respect of the 1935 and 1936 wheat crops in the total sum of $11,907,679.06 should be charged against the profit above referred to?

Mr. EULER: Mr. Speaker, as this question involves a matter of government policy I submit it is not a suitable question for the order paper.

Mr. SPEAKER: Dropped.

PICTOU, N.S., WHARFINGER

Mr. BROOKS:

1. (a) What is the name of the wharfinger for the port of Pictou, Nova Scotia; (b) when was he appointed; (c) what amount of money has he received each year in payment for his services?

2. (a) What amount of money has the government received from wharfage fees yearly during his term of office; (b) what was the amount of shipping on which wharfage was charged during the years 1936-37?

Mr. HOWE:

1. (a) G. B. McLaren; (b) 25th November, 1935; (c) 1935-36, $152.22; 1936-37, $560.53; 1937-38, $668.69.

2. (a) Gross collections—1935-36, $548.16; 1936-37, $3,270.34; 1937-38, $3,991.26.

(b) For the year 1936-37 of gross collections, $3,270.34 the top wharfage amounted to $1,173.39. The only quantities available from the returns of goods shipped over the wharves are:—9,135,000 feet, deal measure, and 1,699,000 feet, B.M. lumber; 750 bu. potatoes; 1,400 tons pulp; 855 puncheons, 237 bbls., 120½ bbls. molasses; 53,710 gals. petroleum products; and 1,814 tons fertilizer.

For the year 1937-38 of gross collections, $3,991.26—the top wharfage amounted to $1,546.50. The only quantities available from the returns of goods shipped over the wharves are:—8,739,000 feet, deal measure, lumber; 3,000 bu. potatoes; 356 puncheons, 206 bbls. 170½ bbls. molasses; 26,900 gals. petroleum product; 3,694 tons fertilizer; 25 tons gravel; 67 tons scrap iron and coal; 579 tons oyster shells.

CANADIAN NATIONAL RAILWAYS—COAL

Mr. BROOKS:

1. What tonnage of Canadian National Railways fuel coal has been delivered at Chipman, New Brunswick, for the years 1937 and 1938?

2. For how long a time are Canadian National Railways cars supplied to the Canadian Pacific Railways at that point for fuel coal without charge?

3. What demurrage or per diem has been received for Canadian National Railways cars supplied at that point?

4. What is the total cost per ton, all charges included, of fuel coal delivered at Chipman?

Mr. BROOKS:

1. What was the total cost of building the Canadian National Railways spur from Hardwood Ridge to North Minto, New Brunswick?

2. What is the cost of maintenance of this spur for the years 1936 and 1937?

3. What was the cost of supplying locomotive and van?

4. What demurrage or per diem is received on Canadian National cars supplied at North Minto, New Brunswick?

5. How long are these cars allowed to be kept without any charge?

6. What agreement was made for shipping commercial coal over this spur when it was built?

7. Has this agreement been lived up to? If not, for what reasons?

8. What tonnage of Canadian National Railways fuel coal has been moved over this spur?

9. What was the cost of this coal at Hardwood Ridge, all charges included?

Mr. BROOKS:

1. During the year 1936-1937 and January and February, 1938, what tonnage of fuel coal was supplied the Canadian National Railways, by months, from each of the following districts: (a) Maccan; (b) Springhill; (c) New Glasgow; (d) other Nova Scotia districts?

2. What price is paid for Nova Scotia coal f.o.b. cars Canadian National Railways tracks at above districts?

3. What is the cost per ton mile for hauling fuel coal from Nova Scotia to New Brunswick points?

4. At what points in New Brunswick was the above mentioned Nova Scotia coal used, and what tonnage of each?

5. What is the policy of the Canadian National Railways in buying fuel coal?

6. Is competition developed between operators and districts, and all compelled to accept the lowest price offered?

7. Is any consideration given to the possibility of paying a proper standard of wages?

8. How much Canadian National Railways fuel coal is purchased in Nova Scotia for use in: (a) New Brunswick; (b) Nova Scotia; (c) Quebec; (d) Ontario?

9. How much New Brunswick coal is purchased for use in each of the above provinces?

Mr. HOWE: The management of the Canadian National Railways advise me that these three questions, 15, 16 and 17, refer to matters affecting the internal management of the Canadian National Railways, which it is not the practice to answer.

Mr. SPEAKER: Dropped.

ROYAL CANADIAN MOUNTED POLICE—ALBERTA

Mr. MARSHALL:

1. In what year did the province of Alberta enter into agreement with the government of the Dominion of Canada for the policing of that province by the Royal Canadian Mounted Police?

2. (a) What sums of money were paid yearly by the province to the dominion government for this service; (b) what sums of money were collected yearly by the Royal Canadian Mounted Police in that province and paid directly to the dominion government?

3. What has been the total yearly strength of all ranks from the beginning of contract in the province?

4. (a) How many of the personnel of the Royal Canadian Mounted Police presently stationed in Alberta were members of the old Alberta provincial police force; (b) what are their names, ranks and present salaries?

5. When was the present contract between the Alberta government and the dominion signed?

6. How long has that contract still to run?

Mr. LAPOINTE (Quebec East): There was an agreement in 1905, when the province of Alberta was created, for the policing of that province by the Royal Canadian Mounted Police. This agreement was effective until 1918. In that year the province created its own police force and had it in operation until 1932, when a new agreement was entered into and is still in force. I suppose the hon. member has in mind the second agreement, and if that is so, I shall be pleased to answer; otherwise it will take a very long time and much work to answer as regards the past, between 1905 and 1917.

Mr. MARSHALL: What the minister suggests will be quite satisfactory.

QUESTION PASSED AS ORDER FOR RETURN

WHEAT IN STORAGE AT CHURCHILL

Mr. PERLEY:

1. What were the number of bushels of wheat in storage at Fort Churchill during the seasons 1935-36, 1936-37, 1937-38?

2. What was the amount of wheat in each of the above seasons held by the Canadian wheat board at Fort Churchill?

3. What were the amount of storage charged against same, the names of the parties to whom sold by the Canadian wheat board, and the quantities in each case, during the above years?

WENTWORTH COUNTY RIFLE RANGE

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): I wish to ask a question of the Minister of National Defence (Mr. Mackenzie). Will the rifle range that is to be constructed in Wentworth county be a 1,000 yard range?

Hon. IAN MACKENZIE (Minister of National Defence): This question has been referred to headquarters of Military District No. 2, and, with the concurrence of the non-permanent active militia, it has been recommended that the range be 800 yards. If necessary, however, it can be extended to 1,000 yards.

[Mr. Marshall.]

PRIVILEGE—MR. PERLEY

FREIGHT ASSISTANCE ON LIVE STOCK SHIPPED TO FEEDING GROUNDS

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): On February 10 the Minister of Agriculture (Mr. Gardiner), on a question of privilege, read three telegrams into Hansard, the third of them being found on page 317. It is a telegram from the Minister of Agriculture of the province of Saskatchewan and reads:

Hon. J. G. Gardiner,
Minister of Agriculture,
Ottawa, Ontario.

Both Laidlaw applications investigated and recommended by municipal secretary and our district representative. Schuster came to Regina to complete freight arrangements after his application had been approved by municipality. Laidlaw until recently tenant of Perley but declines to continue. Municipality advanced seed and supplies to value of four hundred eighty-two dollars fifty-four cents in 1937, being about half amount desired by tenant and landlord. Termination of tenancy by Laidlaw may partly explain criticism. Understand tenancy has been unprofitable throughout to Laidlaw which reduced him to circumstances necessitating aid in shipment of live stock out.

On hearing that telegram read I felt sure that the greater part of it was not a statement of fact, that it was incorrect, and I therefore wrote to the secretary of the municipality.

Mr. GARDINER: On a point of order, I understood according to the ruling given that it was not permissible to read telegrams with reference to this particular matter, and I do hope that if the hon. member is going to be allowed to read a telegram now I shall have an opportunity to get one and read it.

Mr. PERLEY: This is a question of privilege. The minister himself read several telegrams, and this is somewhat different from the point he is trying to make. I directed to the secretary of the municipality the following letter:

February 10, 1938.

Mr. Clifford Hunt, Sec.,
Rural Municipality,
Wolseley, Sask.

Mr. Gardiner and I have had some little altercation in the house and I would like a little information from you in order to verify a statement I made.

You will remember that last November when David Laidlaw was shipping out his cattle and horses to Manitoba, he made application for free freight and the question I want to know is, did he make application to the municipality to approve of his getting free freight and did the municipality recommend same and did George E. Biden approve of same. Also give me particulars with respect to the fourth car

they shipped in the name of Wilfred Laidlaw. Did the municipality approve of his application for free freight and did Biden approve of it? As I understand it, the municipality did not approve or recommend the application of David Laidlaw for three cars and later the application of Wilfred Laidlaw for one car was turned down.

Please send me a night letter in reply to this giving me the particulars, sending collect to me at the House of Commons. Call Mr. Platt the reeve and get his approval of your statements in wire.

In reply to the foregoing communication I received the following letter rather than a telegram:

February 14, 1938.

E. E. Perley, Esq., M.P.,
Ottawa, Ontario.

Dear Sir:

In reply to your letter of the 10th instant I would advise that Mr. Laidlaw first went to Regina to the Department of Agriculture and requested from them freight assistance to ship out three cars of stock to Manitoba for winter feed. The Department of Agriculture referred him back to this office and this application was not presented to the council for their approval. I signed the recommendation and it was later signed by Mr. Biden and he was granted free freight on three cars.

Later, Wilfred Laidlaw made application for free freight on one car and I pointed out that if this stock was owned by David Laidlaw then he would not be able to get the required assistance as the maximum assistance given by the department was on three cars and he had already had this assistance. I believe, however, that Wilfred Laidlaw was later given assistance in shipping out one carload. I cannot recall Wilfred Laidlaw's car ever having gone through this office. I do not believe I signed same and I gave the matter no more thought until I received your letter yesterday. Wilfred Laidlaw did suggest that he might possibly pay the freight out on this car himself.

Yours truly,

C. J. Hunt.

On February 11, as will be found at page 359 of Hansard, the matter was again brought to the attention of the house by the right hon. the leader of the opposition (Mr. Bennett), who took exception to a personal reference in the telegram. Altogether apart from the matter of feed and seed he took exception to it on the ground that it was a personal reference. In reply the Minister of Agriculture made the following statement, which will be found at page 360:

In reply to that statement the telegram merely says that the hon. member himself together with Mr. Laidlaw made application to the government for consideration in relation to seed in the spring of last year.

Again, Mr. Speaker, I could not understand that statement and I directed another letter to the secretary of the municipality as follows—

Mr. MACKENZIE (Vancouver): I rise to a point of order. I would refer Your Honour to the ruling given on page 382 of Hansard of the present session. That ruling applied distinctly to the hon. member who is now speaking and to the Minister of Agriculture as well, and it was held that such comments from outside cannot properly be made.

Mr. BENNETT: That is not what is being dealt with. The Minister of Agriculture read into the record, improperly, I thought, a communication from the Minister of Agriculture of Saskatchewan, which communication directly attacked one of the members of this house. The hon. member is now merely clearing up that statement, and to preclude anyone from saying that he has not done it completely, he is reading a communication he sent in order that the answer may be understood. He is reading it so that it cannot be said that he has left out any part of the record. That is the position. Surely it is one of the privileges of a member of this house to take advantage of an opportunity such as this to put himself right when a statement has been made, reported in Hansard, by one not a member of this house, regarding himself. The hon. member has had no opportunity except this, and it is the highest privilege of a member of this house to place his position before the house when he is attacked by one not a member.

Mr. POULIOT: Please read between the lines now.

Mr. LAPOINTE (Quebec East): On the point of order, I did not raise a question because I thought we would waste valuable time discussing it. On a question of privilege an hon. member is entitled to rise in his place and make his own position clear by denial, or something equivalent thereto, but not to make a speech, bringing into his remarks outside comments, letters, telegrams or anything of that kind. The hon. gentleman is making a full fledged speech on this question of privilege. This is the first time I have seen this done, and especially affirmed as a right.

Mr. SPEAKER: I think the hon. member has a right, as the Minister of Justice and other hon. members have said, to state his point of order and make his position clear; but I do not think, in view of the decision I rendered some time ago, that it is his right to put into the record documents and letters and telegrams from persons outside the house.

Mr. BENNETT: What is taking place at the moment is merely an explanation to clear up a situation which never should have arisen,

because the ruling of the Speaker is that the telegram from Mr. Taggart should not have been on the record. It is because it is improperly on the record that the effort is now made to clear it up, and on which the question of privilege arises.

Mr. LAPOINTE (Quebec East): It is twice wrong, or perhaps three times.

Mr. BENNETT: Put yourself in his position.

Mr. PERLEY: On hearing the last statement I directed the following letter to Mr. Hunt:

Would you please let me have by return mail—

Some hon. MEMBERS: Order.

Mr. PERLEY: I asked the municipality for a statement as to whether they had supplied seed grain in 1935, 1936 and 1937 to Mr. Laidlaw. The reply was this—

Some hon. MEMBERS: Order.

Mr. PERLEY: Well, the reply was to the effect that they had not supplied Mr. Laidlaw with one bushel of seed during the years 1936 or 1937, nor one dollar's worth of feed. That is the reply signed by the secretary of the municipality.

Now, Mr. Speaker, I think the statement I have made so far proves conclusively that the telegram with respect to providing free freight and seed to Mr. Laidlaw was incorrect and was not a statement of fact. The latter part of the wire was more or less a personal attack on me, or was injected into the wire for the purpose of doing me a personal injury. I do not for one moment think that the Minister of Agriculture would desire to do that knowingly; not at all, and I am not charging him with that. But I am saying that he was grossly misinformed.

Mr. GARDINER: On a point of order, Mr. Speaker, I think the hon. member, in view of your ruling, is putting me in an impossible position, because I cannot reply. I should like to suggest that there is a proper opportunity for him to discuss this matter. When my estimates are before the house he can put on the record everything he is now seeking to put on, and I shall be quite prepared to deal with it at that time.

Mr. PERLEY: I want to refer to the concluding paragraph of the wire, which relates to myself.

[Mr. Bennett.]

Mr. SPEAKER: Order. If this is a question of privilege, I think the hon. member ought to be satisfied now, and if he desires to say anything further, when the estimates of the Department of Agriculture are before the house he can deal fully with the whole matter again. He has stated his point.

Mr. PERLEY: Mr. Speaker—

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member has explained his point of privilege.

Mr. PERLEY: As a matter of privilege, Mr. Speaker, I ask you to delete the latter part of that wire from the records of this house. I do so because it was injected for the purpose of doing me an injury. I am drawing your attention to the ruling you made on February 14, recorded on page 382. In the concluding paragraph you said:

The house may be indulgent in these matters but it is a well known principle that a statement made in this house cannot be contradicted by a statement made by a person who is not a member of the house.

I therefore suggest that you delete the latter part of that wire, which has personal reference to me, from the records of the house.

RADIO BROADCASTING

LICENCE FEE FOR RADIO SETS—QUESTION AS TO INCREASE, APPLICATION AND ABOLITION

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I should like to direct an inquiry to the government through the Minister of Transport (Mr. Howe). In view of the fact that the current fiscal year terminates exactly three weeks from now, and licences for radio receiving sets ordinarily must be purchased before that time, I wish to ask two questions:

1. Does the government intend to rescind before March 31 of this year the recent order in council increasing the licence fee for radio sets and otherwise altering its application?

2. Has the government given consideration to the suggestion which I made in this house on February 1 last that the licence fee be entirely abolished?

Hon. C. D. HOWE (Minister of Transport): Both these questions involve matters of government policy. The policy of the government in regard to both matters will be made known in due course.

VALIDITY OF QUEBEC STATUTE

QUESTION OF REFERENCE TO SUPREME COURT OF CANADA OF "ACT RESPECTING COMMUNISTIC PROPAGANDA"

On the orders of the day:

Mr. RALPH MAYBANK (Winnipeg South Centre): I should like to address to the Minister of Justice (Mr. Lapointe), a question of which I have already given him notice. It is as follows:

In the light of the recent judgment of the Supreme Court of Canada stating that the Alberta act called Bill No. 9, which restricted publication of news, is ultra vires a provincial legislature, and particularly in view of the reasons for judgment of the various judges, as, for example, the words of the Chief Justice and Mr. Justice Davis, that the "right of free public discussion of public affairs. . . . . is the breath of life for parliamentary institutions," can the Minister of Justice give assurance that the Quebec "padlock law" will shortly be either disallowed or referred to the Supreme Court of Canada for a decision as to its validity as a provincial enactment?

Right Hon. ERNEST LAPOINTE (Minister of Justice): I can only make to my hon. friend the same answer as I made to the hon. member for Peace River (Mr. Pelletier), and I may say that it is a standard answer which will be given to all possible similar questions. Any recommendations which it will be the duty of the Minister of Justice to make with regard to this or any other provincial legislation and with regard to any petition concerning this legislation, will be made to the governor in council. My hon. friend will understand that I could not give to him or to any other member of the house any information or intimation as to what that recommendation will be.

ELECTRIC POWER

TRANSFER TO PARLIAMENT OF CONTROL OF EXPORT EXCEPT IN INTERNATIONAL EMERGENCY

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved the second reading of Bill No. 21, to amend the Electricity and Fluid Exportation Act.

He said: Mr. Speaker, the bill which is now before the house for second reading implements the undertaking which was given in the speech from the throne on January 27 to the effect that legislation would be introduced with a view to furthering the principle of parliamentary control of the export of electric power. On the first reading of the bill, on February 11, I outlined its scope and purposes, but it might be well at this time to repeat what was then said.

While the bill in form constitutes a general amendment and recasting of the Electricity and Fluid Exportation Act, which has not heretofore been amended since it was passed in 1907, in substance its object is to transfer to parliament itself the power at present legally vested in the governor in council to control all export of electric power from this country. The bill does not affect the licences to export power which have already been granted, nor does it take from the governor in council the right to renew or cancel the existing licences. It does provide that no further exports of power may be made unless they are specifically authorized by a private act of parliament. An exception to this rule is made only in the event of a temporary international emergency, and only for the duration of such an emergency.

The house will recall that in 1928 the hon. member for Leeds (Mr. Stewart) introduced a bill in this house to amend the Electricity and Fluid Exportation Act. The bill was given first and second reading at that session but did not get beyond the committee stage. In the following year, 1929, the hon. member for Leeds reintroduced the bill, which was given all three readings in this house with practically no discussion. The bill went to the senate, where it was given first and second readings. After the second reading, while the bill was in committee in the senate, some information was requested with respect to the number of licences that had been already issued, together with other data which hon. members of the senate desired to obtain. It was not possible to secure that information in time for consideration before the session prorogued. As a result the bill introduced by my hon. friend did not become law.

What I should like particularly to bring to the attention of the house is that in 1929 all members of this house, regardless of party, accepted the principle of parliamentary control of the export of electrical energy. That was the underlying, essential principle in my hon. friend's bill. The original act with respect to the exportation of power from Canada was enacted in 1907. From 1907 up to the present time that act has not been amended. The amendment which the hon. member for Leeds proposed in 1928 and 1929 would have taken away the power which at present resides in the governor in council to issue licences, and would have transferred that power to parliament. It was the approval of parliament that my hon. friend desired should be

given in respect to all future licences for the exportation of power. The principle contained in the present bill is the same as that which appeared in the bill of the hon. member for Leeds in 1928 and 1929. It is the principle not of completely prohibiting, under all circumstances, the exportation of power from Canada, but rather of making a general prohibition, subject to exemptions by approval of parliament.

The present bill, however, is a little different from that introduced by my hon. friend. It is not different in principle: the principle is the same, as I have indicated, the direct control of parliament over further export of power from Canada. But inasmuch as the legislation has not been amended since it was originally introduced in 1907, the present measure seeks to recast the legislation by separating those provisions which have to do with the export of electrical energy from those which have to do with the export of fluids, such as gases, oil and water. The provisions with respect to fluids are in no way changed but are placed by themselves in the bill. The provisions with respect to the export of electrical energy are likewise placed by themselves. A change is made in the provisions with respect to the export of electrical energy, in the manner that I have indicated.

My hon. friend's bill merely provided for the approval of parliament. It did not indicate in what particular form that approval should be given. Approval might have been given, under my hon. friend's bill, by resolution of this house or by a private act. The government has thought it preferable at this time to make provision for the approval of parliament being given specifically in a private act. One reason for preferring a private act to a resolution is that a resolution is not law. It would leave the legal position just as it is to-day; the governor in council would still have the power to grant licences. On each occasion the governor in council would simply have to wait until a resolution of both houses had been passed. But a private act has this advantage over a resolution; it enables the parties desiring to secure a licence for the export of power to make formal application, to present their views to a committee of the house and to have the house view the matter in a judicial as well as a legislative manner.

Mr. BENNETT: Might I ask the right hon. gentleman a question? Does he realize that a resolution, if it is to mean approval by parliament, cannot be effective unless it is in the form of a bill—because then it is a resolution not of both houses of parliament but of parliament itself, which is all three estates.

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: My right hon. friend is giving an interpretation which I had not thought had been placed on my hon. friend's bill in the first instance. This house passes many resolutions without enacting legislation as a result. On the other hand, very frequently the house enacts legislation as the result of a resolution, and certainly I had assumed that my hon. friend's bill would have made it possible for the approval of parliament to be given by a resolution—I mean a resolution approved by both houses of parliament. As the right hon. leader of the opposition (Mr. Bennett) has just indicated, an act would require the assent of the crown as well as action on the part of both houses. However, a resolution on the part of both houses might have been a course for which the present administration could have provided in this measure, had they desired to do so. We preferred, as I have said, in order to ensure that parliament would exercise its judicial as well as its legislative functions and powers, to proceed with the granting of licences by means of private acts rather than in any other way.

There is a third reason why it is preferable that the approval of both houses should be given in the form of a private act rather than in the form of a resolution; it is very difficult to draft into a resolution the specific terms which it might be advisable to have inserted with respect to any licences that might be granted.

My right hon. friend the leader of the opposition raised a point at the time of the first reading of the bill to which perhaps I ought to direct attention at once; that is, that the government should proceed by means of a public bill rather than a private bill. May I say to my right hon. friend that I am unable to follow him in his suggestion in that regard. At the time he spoke, I thought he was correcting me on a matter of terminology, but I see that he had something more in mind. As he knows, a public bill sets forth a general policy and makes the general provision with respect to the subject with which it deals. A private bill is in the nature of an exemption from a general law, and that is what the government desires to effect with respect to future authorization for the exportation of power. The measure before the house is a public bill providing that, except by private act, no further export of power can take place from Canada, other than under the exceptions in the bill itself, which are restricted to licences which have already been granted from year to year.

In support of what I have just said I would direct the attention of my right hon. friend

and members of the house to the citations in reference to private bills as indicated in Beauchesne's Parliamentary Rules and Forms. I quote first paragraph 840:

The object of a private bill is to alter the law relating to some particular locality or to confer rights on, or relieve from liability, some particular person or body of persons.

And paragraph 847:

The object of a private bill is, in fact, to obtain a privilegium—that is to say, an exception from the general law, or a provision for something which cannot be obtained by means of the general law, whether that general law is contained in a statute or is common law.

The present bill, if it passes both houses and is assented to by the crown, will be the general law. In order that hereafter any person or corporation or other body may obtain authorization to export electrical energy, he or it will have to come to parliament for a private bill granting that authority.

May I supplement what appears in Beauchesne by the following, which is taken from Ilbert's Legislative Methods and Forms, 1901, at page 28. Ilbert is a recognized authority in matters affecting legislative methods and forms.

Mr. BENNETT: He was clerk of the House of Commons in Great Britain.

Mr. MACKENZIE KING: Yes. I quote:

A public bill is introduced as a measure of public policy in which the whole community is interested, and originates on the motion of some member of the house in which the bill is introduced.

The object of a private bill is, in fact, to obtain a privilegium—that is to say, an exception from the general law, or a provision for something which cannot be obtained by means of the general law, whether that general law is contained in a statute or is common law.

Private and public bills differ not merely in the mode of origination, but in the mode of procedure for passing them. In the case of a private bill the rules of the standing orders of the two houses as to the giving of certain notices and the deposit of bills before a certain date must be complied with, in order that all persons may have notice if their private interests are affected. Each bill is considered by a select committee of each house, who hear the promoters and opponents by counsel, consider their private interests, and determine, in a quasi-judicial capacity, whether the promoters of the bill have justified their request for a privilegium, and whether private interests are properly protected.

The officers of the house and the different government departments watch private bills from the point of view of the public interest, and call the attention of the select committee to matters affecting that interest. The House of Commons also appoint annually a special committee on police and sanitary regulation bills, for the purpose of guarding against the insertion of enactments inconsistent with the general law.

Subject to these provisions for the protection of public interests, the proceedings on a private bill resemble more closely private litigation between the parties interested than a discussion on questions of public policy, though, as each bill has to go through the same stages in the whole house as a public bill, there is an opportunity for members to raise at those stages questions of public policy in respect of the bill.

When my right hon. friend raised the point on February 11, with respect to the term "private bill," I thought it well to ask the Deputy Minister of Justice if he would give me a written opinion on the matter. As the right hon. gentleman had raised the point, I thought it would be of some importance. May I now supplement the authorities I have read by the opinion of the Deputy Minister of Justice. The communication is dated at Ottawa, February 12, 1938, and reads:

Dear Mr. King,

With reference to the observation of the right honourable the leader of the opposition that a bill to authorize the export of power could hardly be designated a private bill but would be a public bill of a private nature, I beg to advise you as follows:

The question whether a bill should be classified as private or public, of course, depends upon the object thereof. The object of a private bill is to alter the law relating to some particular locality or to confer rights on or relieve from liability some particular person or body of persons. The object of a private bill is to obtain an exception from the general law.

If it is contemplated that the export of power in future is to be permitted in the same manner and circumstances as in the case of licenses under the present law, I would think that any such privilege under or exception from the general law prohibiting export would be an object which would properly be dealt with by means of a private bill resulting in a private act. The boundary line between public and private bills is a narrow one and since no conclusive definition or test exists for determining doubtful cases, individual opinions may differ.

My understanding was that the private bills procedure was considered to be peculiarly appropriate for dealing with applications to export power. Being initiated by petition to parliament, the proceedings partake of both judicial and legislative character. The promoters appear as suiters while those who apprehend injury are admitted as adverse parties. Petitions in favour of or in opposition to such a bill may be received at any time while the bill is under consideration.

My view is that the granting of an exception to the general law prohibiting export is comparable for example to the case of a loan company being excepted from the operation of the Money Lenders' Act; such exceptions are created by a private act.

Yours truly,

W. Stuart Edwards,
Deputy Minister of Justice.

I would say, therefore, in connection with what is contemplated under the present measure, that, hereafter, parties proposing or desiring to obtain authorization for the export of power will have to proceed, for example, in exactly the same manner as persons interested in securing from parliament a charter to establish a bank or build a railway. They will have to follow the procedure for private bills, and thereby enable all parties interested to be heard, before any final decision is reached with respect to the measure in question.

There is a further consideration I should like to mention at this time. It is a reason why it would seem desirable to have the matter of the future export of electrical power removed from the control of the governor in council and placed under some other authority. The reason is not new; it was advanced in 1907, at the time the original bill was enacted, by Sir Robert Borden, who at the time, was leader of the opposition. The then Minister of Justice, Sir Allen Aylesworth, who had the legislation in hand, was not unfavourably impressed by the suggestion.

It was pointed out by Sir Robert Borden that the governor in council is necessarily concerned with matters largely of a political nature. He felt that the governer in council was not equipped to handle matters of administration as effectively as some other bodies, and necessarily the governor in council would have to be guided by the advice of individual officers in the public service. Apart from that, attention was drawn to the fact that, under our constitutional practice, council is composed of members of one political party, and, in dealing with a matter of this kind it might be assumed, although not necessarily so, that the action of the governor in council was being influenced by political reasons. That possibility would be removed altogether if the power were taken away hereafter from the governor in council. I may say, however, that there has been nothing in the thirty years since the act was passed to give reason to believe that there had been the slightest political motive or consideration behind the granting of any licences. Nevertheless, I think the point is one which deserves consideration and I must say that personally I rather favour the suggestion which was made at the time, that these matters of the export of electrical power and energy should be made the subject of review by a body such as the railway commission, or the transport commission as it is now known, which would deal with them as it does with other matters already under its jurisdiction.

When that proposal was made in 1907, it was urged that the railway commission had about all that it could attend to and that without reorganization it would not be advisable to add to its duties. No government from that time up to the present has thought it necessary to make the suggested change. However, something in the nature of a public utilities commission will, I believe, sooner or later become necessary. It might well be that we should have in mind the possible transfer to such a body of jurisdiction in the granting of future authorizations for the export of power. It may be of interest to the house to have before it the words used by Sir Robert Borden at the time with respect to this matter. They will be found at pages 4635 and 4636 of Hansard of March 13, 1907. Sir Robert said:

> The other objection is that the governor in council is about the worst body that could be found for the purpose of dealing with such a matter. I say that for two reasons; in the first place, because the governor in council is not composed of persons having any special knowledge of the conditions which should control the export. It is composed of men who are very much taken up and occupied with their political as distinguished from their administrative duties. For that reason one would not anticipate that any administration—I am not speaking especially of the present administration—would be a very competent or capable body to deal with a question of this kind. The answer may be that they would be governed by the report of some officer, but when we are confronted by that answer, then, there is another consideration.
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> That is the consideration that the governor general in council under our system is and necessarily must be a partisan body. It represents presumably a majority of the people of this country and it certainly must always represent a majority of the members of parliament. It is a partisan body, it acts as a partisan body and you will have entrusted to the governor general in council under the provisions of section 5, very delicate questions indeed, questions which concern the material advantage of their political friends, questions which concern the material advantage of their political opponents; and it does not seem to me that it is wise to entrust so delicate a power as this must necessarily be to a body of that kind.

As I have already intimated, the then Minister of Justice Sir Allen Aylesworth rather agreed with Sir Robert Borden in the point of view he expressed, but no action was taken to change the method by which licences would be granted. I bring this suggestion before the house at the moment because I feel that in the existing situation it is important that hon. members should realize that the only desire of the government is to further the public interest and to ensure that there shall not be in reality or to appearances, directly or indirectly, the determination of the export of electrical energy from any partisan political motive.

It might help the house better to appreciate the stand which the government has taken

with regard to some recent applications which have been made to the governor in council for the export of electrical energy if I were briefly to review the discussions which have taken place in this house on this all-important question. I shall try not to detain the house at too great length in this review, but to indicate in brief outline the essential features of the more important discussions, and in particular statements of policy as they have been put forth by different administrations in dealing with the question of the export of power. As already mentioned, the first debate of any importance on the subject was that which took place in 1907 when the existing legislation was enacted. I shall not go into the arguments which were put forward at that time, although I shall refer to one or two of them when I come to sum up the reasons which may be urged for and against the granting of licences for the export of power when there is a surplus of power available.

From 1907 on, for many years, there appears to have been very little in the way of discussion in parliament on this subject. In 1914 an important order in council was passed as a result of certain statements which had been made by the Public Service Commission of the state of New York to the effect that the termination of existing exports of power from Canada would paralyse the business and industry in the United States which had become dependent upon Canadian sources of power. I shall refer to that order in council later on as it sets forth reasons which are very important in considering the advisability of exporting power. The 1914 order in council will be found set forth at page 104 of the white paper recently tabled. It was not until 1925 that any extended discussion took place in this house on the question.

In 1925, the matter came before the house in connection with the placing of a duty on the export of power. In that year an effort was being made to develop the Carillon power site. Considerable discussion took place on the question of the export of the power which might be generated as a result of that project. Delegations made representations to the government with respect to the matter. In that year also a resolution was introduced into this house by Mr. LeSueur, the member for Lambton West. This resolution had an important bearing on the policies adopted at that time and thereafter, and I shall refer to it more particularly in a moment.

In the next year, 1926, a significant act was passed by the legislature of Quebec prohibiting the export of power from that province. That act was amended in 1933 to permit exports in certain cases. I shall have occasion to refer to both these measures when I come to set forth the reasons for and against the export of power. There was, however, no discussion in this house in 1926 on the export of power problem.

In 1927 the Beauharnois development was projected. There was some discussion on matters relating to waterways, but there was no discussion of importance on the subject of the export of power. In 1928, however, the Beauharnois company made an application to the government for the approval of plans in connection with the Beauharnois project. This served to bring to the fore the question of the possible export of power from Beauharnois once that development had been completed. As I have mentioned, it was in that year that the hon. member for Leeds (Mr. Stewart), who was then, as he is now, a member of the opposition, introduced the bill to which I have referred. At that session the measure received only two readings. In the following session the bill was re-introduced early in the year and passed by this house without debate. There was, however, in the year, considerable discussion on the St. Lawrence waterway development, and with respect to the approval of the plans of the Beauharnois company. From that time until 1933 there will not, I believe, be found in Hansard references to this question, other than some of a cursory character made by members during the debates on the address or the debates on the budget, expressing their views as to the general policy that should be followed with respect to the export of power. The present leader of the opposition (Mr. Bennett) did make one or two references as to the views of his government. I shall bring those references to the attention of the house.

From sketching it thus in outline, it will be seen that the main discussions on the question on the export of power took place between 1925 and 1929. There had been little discussion in the years between 1907 and 1925 and very little discussion from 1929 until the present year. A Liberal administration, as hon. members will recall, was in office from 1921 until 1930, except for a short intervening period when the Right Hon. Arthur Meighen was in office. Such discussions as took place in that period occasioned declarations on the part of the government of the day as to its policy with respect to the export of power. I intend to give to the house these declarations and the circumstances which occasioned them.

While my right hon. friend was in office from 1930 to 1935, he did not introduce any legislation on this subject. He accepted, I think, the view which was generally held at the time the bill of the hon. member for Leeds passed this house, namely that all parties were agreed upon the policy that there should not be further export of power from Canada without some form of parliamentary approval.

Mr. BENNETT: No new licences were issued.

Mr. MACKENZIE KING: As my right hon. friend says, no new licences were issued. The same was true of what has taken place since the present administration came again into office in 1935. From that year to the present time we have issued no new licences of any importance but have confined the action of the governor in council to renewing year by year the licences which had been previously granted.

In the early part of last year, the present Minister of Trade and Commerce (Mr. Euler), speaking in a discussion in this house on the export of power, set forth the view of the government as understood by him at the time, namely that further licences should not be granted without the consideration of each case on its merit; that there should be not a blanket prohibition, but a policy of prohibition admitting of exceptions where the circumstances of the case justified. That was the position when the present administration received, in the summer and autumn of last year, three applications for export of power, two from the province of Quebec and one from the province of Ontario.

Before I discuss the three applications, I should like to supplement what I have said by reference to declarations of policy and opinion as they were made in this house in regard to the various matters to which I have referred. First of all, in the debate which took place on the imposition of an export duty in 1925, a statement was made by the Hon. Charles Stewart, who was at that time Minister of the Interior, and as such had particularly to do with water power questions. Mr. Stewart, speaking in this house on March 30, 1925, stated the position of the government as follows:

> There is a law upon the statute book at the moment authorizing us to issue licences for only one year, and so far as I can ascertain that is all that the government intend to do in that direction. Whatever their intention may be, as a member of the government I have not heard of any change of policy. What I do say is that notwithstanding the fact that we have only developed to the extent of three million odd horsepower out of a possible development of forty-one million horsepower, I think it is good business to keep the cheap power in Canada for the development of Canadian industry, and I see no objection, and my hon. friend opposite sees no objection, to the imposition of an export duty.

That, as I have indicated, was the one important pronouncement made in that debate.

A little later in the year a delegation from the Ottawa valley on behalf of the National Hydro Electric Company waited on the government to advocate the export of 300,000 horse power from the development at Carillon. That delegation was received by the Right Hon. George P. Graham, the Hon. Charles Murphy and myself. We gave to the delegation the promise of consideration of their request, but no assurance was given that any additional licences would be granted. It may be of interest to the house to know the government's view as expressed to the delegation. I have to give it as it appeared in the local press, as the delegation was received at my office and the record of its proceedings does not, of course, appear on Hansard. The Ottawa Citizen of May 5, 1925, under the heading, "Places Interest of Canada First on Power Issue," reads as follows:—

> Premier King Says This Chief Consideration in Reaching Decision on Export Question.
>
> Deputation Urges Carillon Scheme.
>
> Prime Minister Says It's National Problem. Cabinet to Discuss It.
>
> That the future of Canada would be the first consideration in the question of permitting the export of electrical energy to United States was stated by the Prime Minister yesterday afternoon in replying to a large and representative delegation from the municipalities bordering on the Ottawa river. The delegates came to urge the administration to grant permission to export power from the proposed development at Carillon.
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> * * * *
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> The Prime Minister replied that the problem which the government had to consider was not local to the Ottawa valley, but had its national, international, and interprovincial viewpoints. The government had only one desire, namely, to further the public interest. When private interest could be helped without injuring the public interest, it was desirable to help it also.
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> The main question for the government was to decide for the public interest, and in the export of power it was necessary to see that the future of the country was not prejudiced in any way. Immediate consideration was promised.

Speaking in this house that year, the Right Hon. George P. Graham made some significant statements with regard to the export of electrical power. In Hansard of May 14, 1925, at page 3222, he stated:

> I am strongly of the opinion—if it were my personal business, I might perhaps think otherwise, being after the profits—that any government in Canada ought to go very slow

in approving of the export of power in any great quantity. There is no question about that in my mind; I agree heartily. There is an argument on the other side which has been presented to us very strongly time and again by people living along certain powers, who feel they are losing day by day in seeing the power flow by their doors without development. They take the ground that development cannot take place unless outside capital is got for that development, and that would imply the export of a part of the power. That is the situation. It is not changed at the present time from what it has been for months and years.

Again, speaking on May 19, at page 3348, Mr. Graham said:

I am stating the government's policy. I am pointing out that my hon. friend's supposed policy the other night is not practicable; is not followed by his own friends in any province; is not followed by any government. In the production of power business demands that under certain circumstances, such as those existing in connection with the hydro-electric projects, an export of power should be allowed.

Mr. Manion: Temporarily.

Mr. Graham: I will come to that. I want to nail it down fast and tight that the policy of any government looking to the welfare of the Dominion of Canada and to the development of power in Canada should not be a prohibition of the export of power under all circumstances to the United States; for the result would be at one fell swoop to bring about increased rates on the part of the hydro-electric power projects in Ontario as well as on the part of other companies.

Let me go a little further. My hon. friend (Mr. Manion) suggests that the export should be temporary; I am coming to that. The legislation of the parliament of Canada has been sane along these lines. The regulations adopted in 1907-08 by the Laurier administration were sane. They restricted by regulation under the statute the period of time for which licences might be granted, limiting it at twelve months. That was wise. The hon. gentleman may say that that might permit the establishing of vested rights. What vested right could be established in twelve months? None, and none has been so established. This regulation restricting the export of power to a period of twelve months is notice to the United States users that this supply of power to them is not permanent; that it can be taken away from them at the end of any twelve-months period. It is notice to every person concerned that this is only temporary. I want to put it again, as strongly as I can, that the policy of this government in power is the policy that has been adopted in Canada and successfully followed during the last eighteen years. It is the policy that has been practised by the Hydro-Electric Commission of Ontario and by the companies, and it is a policy under which every interest is safeguarded so far as the Canadian user is concerned.

That statement, I think, sets forth clearly the policy of the administration at that time. The question of export of power was also brought before the house that year in a debate on a resolution introduced by Mr. LeSueur, the then member for West Lambton. The resolution proposed that export be permitted only on a yearly licence, no licence to be issued "beyond those at present outstanding except for off-peak power."

The resolution as introduced practically meant the prohibition of export except with respect to off-peak power. When the resolution was presented to the house by Mr. LeSueur, who was then in opposition, I suggested on behalf of the government that it should be amended so as to permit the export of power only upon the consent of the government or governments of the province or provinces concerned, and the amendment was accepted by the opposition. The Right Hon. Arthur Meighen, who at the time was the leader of the opposition, said that he accepted the amendment because he believed that so far as the provinces were concerned they would not wish to give their consent to the export of power. He thought that prohibition of export would be obtained in that way. In addition to that reason, however, he thought it desirable to have, if possible, unanimous agreement in the house on so important a question, and accordingly was prepared to accept the amendment which the government proposed. The amendment struck out the words "except for off-peak power" and substituted the words "except with the concurrence of the province or provinces in which it is proposed to develop such power." I shall read in a moment the text of Mr. Meighen's remarks at the time. The resolution as introduced read:

That in the opinion of this house the export of hydro-electric power from Canada should be permitted only on yearly licence and no licences should be issued beyond those at present outstanding except for off-peak power.

My observations on the resolution appear in Hansard of June 15, 1925, at page 4276, as follows:

I am sure every hon. member would wish, with respect to the export of power, to see that under no condition was power exported which we would likely need in the immediate future, or which we would be unable to recover before the time at which the actual need might arise. With any policy that has that end in view, the government is wholeheartedly in accord.

And at page 4278:

I would suggest that the hon. member amend his resolution by deleting the words "and no licences should be issued," and so on, and substituting therefor the words:

—and that hereafter no licence for the export of power beyond that already granted should be issued except with the concurrence of the province or provinces in which it is proposed to develop such power.

I believe that if that provision were substituted it would give all the security that is needed. . . .

In a word, if this parliament declares that there should be no export of power except by yearly licence, it thereby serves notice on its neighbour—because it is only to the United States that any export can take place—that at any time, as the needs of this country demand, that power export may be terminated, without occasioning a grievance or without having established any vested rights of the other side meanwhile. If beyond this it couples with that declaration the provision that all future licences shall be granted only by concurrence of the province from which the power is to be exported, there should be every reason to feel that we have gone as far as we should in seeking to safeguard our resources. To go further would be possibly to work an injury in the opposite direction.

The motion as amended was agreed to, on June 15, 1925, and appears at page 4288 of Hansard:

That in the opinion of this house the export of hydro-electric power from Canada should be permitted only on yearly licence, and that hereafter no licence for export of power beyond that already granted should be issued except with the concurrence of the province or provinces in which it is proposed to develop such power and of any other provinces adjacent to such development and interested therein.

In the course of that debate, in addition to Mr. Meighen and myself, the Right Hon. George P. Graham also spoke, and his utterances in reference to the policy at the time I think should be quoted. Mr. Graham said, as reported at page 4258:

It is different in the case of a yearly licence. If a licence is given for twelve months, as has been the practice since 1907, the party who receives the power—unless something unforeseen happens or he gets notice to the contrary in advance—has a certain right to believe that year by year that licence will be renewed. That is really what has been done. That is what has to be done if the contract is for one hundred years. That has been done for years in the case of the Hydro-Electric, and that is being done also in the case of the Cedar Rapids power development. Giving a licence year by year leads to the conclusion that, unless something unforeseen happens, such yearly licence will be granted annually. . . . .

I just want to point out to my hon. friend and to the house that we must be careful how far we go with a resolution aimed at the export of power. The general principle may be all right but if we are going so far to say that it never shall be possible, that it cannot be possible under any circumstances, that any new power developed in this country should be exported, then we may tie up some very laudable enterprises, including the development under way in the province of New Brunswick, which is not in the hands of a private concern at all but is a provincial enterprise respecting which the province has been trying for a long time to get a proper status so that it could proceed with the necessary construction and development. I think we ought to be very careful as to how we proceed in tying up beyond peradventure the right of some province to export power. . . .

[Mr. Mackenzie King.]

Of course I can imagine the time might come when it might be the duty of any government then in power, no matter of what party, to consider the situation and to see that the power in Canada is retained to the people of the dominion to whom it belongs; but to tie ourselves up absolutely and to say that under no circumstances whatever shall power be exported would be an altogether different thing. I think my hon. friend will see himself that it might be a mistake to make this resolution so far-reaching. Personally I have no objection at all to the first part of the resolution, but I think it would be a great mistake to insist that we should never export one single horsepower hereafter except off-peak load.

The statements of the Right Hon. Arthur Meighen will be found in Hansard of June 15, 1925, at page 4281:

Power is the rawest of all resources. Power is much more rudimentary, much more an instrument of further development and production than is any other raw resource whatsoever. Power bears the same relation to the ordinary raw resources of a country that those raw resources bear to the finished products of the country. It is the instrument by which the mineral is delved from the ground; it is the instrument by which the coal is heaved to the surface. It is the most fundamental and rudimentary of all things looking to the expansion of a nation; so that the arguments which apply in favour of directing trade currents and trade policy so as to keep raw resources for development by the people of a country apply with double force to the case of power. . . .

At page 4282:

Power is not something that is in the world market, that another country can substitute for if a first country withdraws. Power is something which once exported becomes the foundation of a great vested right and the withdrawal of it—however closely, however narrowly and carefully it may have been provided for—becomes a practical impossibility. We found ourselves in the position that when we needed the power badly we could not withdraw it, and we found, as well, that although we applied the system of yearly licences the company undertook to give contracts extending over a period of time and we were bound not only by the rights secured by the industry erected but were also bound, in a measure, by the contract although that contract had no warrant to be entered into.

At page 4287:

I accept the amendment in order that we may be united and that the whole world may know how we are travelling in relation to this great question. But I would prefer that governmental responsibility should not be shirked, and I would have preferred that it be declared once and for all that we are against further exportation; but I accept it inasmuch as I believe this amendment in its practical result will reach the same end as the amendment that was moved before, because I do not believe that our provinces will agree to the export at all. That being my opinion, I accept the amendment as now agreed to by the Prime Minister himself.

The references I have given make it clear that in the year 1925 all parties in this house were united on a policy of permitting the export of electrical energy by yearly licence only, subject to the approval of the province or provinces concerned. They were united as well in agreeing that, with these precautions, individual applications might be considered upon their merits.

In 1926 there was, as I have already indicated, nothing further in the way of discussion in this house. But in that year—and I refer to this particularly because it bears on the position of the provinces—the province of Quebec passed an act prohibiting the exportation of hydro-electric power from that province to places outside Canada. The first clause of the act is as follows:

> Every sale, lease or grant whatsoever of water powers belonging to the province or in which it has rights of ownership or other rights, made on or after March 24, 1926, shall contain a clause prohibiting the exportation outside of Canada of the electric power which may be developed in this province.

The following year, 1927, there was no discussion in this house, although the then hon. member for Vancouver Centre, the present member for Kootenay East (Mr. Stevens), in the course of the debate on the budget gave his views at some length with respect to the export of power.

I come now to the year 1928, the year in which my hon. friend the member for Leeds introduced his bill for the first time. On January 7, 1928 the Beauharnois company made application for the approval of its plans under the Navigable Waters Protection Act. I should like to make perfectly clear what was the duty of the administration of the day with respect to that application. Some hon. members who were not in the house at the time may not be familiar with the law with respect to the development of water power on navigable rivers. The law requires that, where any power development is contemplated on a navigable river, the plans must be submitted in the first instance to the Department of Public Works of the federal administration, and be approved with respect to their non-interference with navigation. In other words, under the Navigable Waters Protection Act, no development is permitted on a navigable stream, which is calculated or likely to impede navigation. The application of the Beauharnois company for the approval of its plans, was made pursuant to the provisions of this act. The Beauharnois company had obtained its charter, not from the federal government but from the government of Quebec. All the federal government had to consider was whether or not the plans as proposed interfered with navigation.

May I direct attention to this fact, that the province of Ontario had for many years been developing power at Niagara. The province of Quebec was equally anxious to develop power within its boundaries. Had the government of Canada at that time refused to approve the plans of the Beauharnois company, when as finally submitted they in no way interfered with navigation but as a matter of fact took into full account possible future developments with regard to navigation, this government would have been denying the province of Quebec a right which the province of Ontario had exercised for many years. I think that ought to be clearly understood, because many efforts have been made to misrepresent the action of the then federal government with respect to the Beauharnois development. All that was done was to approve the company's plans under the Navigable Waters Protection Act. I do not think it has ever been claimed that the approval was not properly given. It was given in the light of the reports of technical experts, who were agreed that the plans in reference to the development of power did not prejudice the federal interest in the matter of navigation.

At the same time there was before the country and before parliament the question of the development of the St. Lawrence waterway, involving a navigation project as distinguished from a power project. The St. Lawrence waterway occasioned a great deal in the way of discussion and consideration in parliament. Being discussed pretty much at the same time as the Beauharnois power development, the two questions came to be interlocked, as it were, and each was referred to in discussions on the other. When discussions took place with regard to the development of the St. Lawrence, the question of what attitude should be taken with regard to the power that might be developed on the St. Lawrence, as a result of the navigation development, naturally came up for consideration, and the government felt it imperative to express its views in reference thereto. What was said with respect to what related to navigation must be viewed in the light of the particular proposals to which it had reference..

In order to be fully advised with respect to the development of the St. Lawrence waterway, the dominion government appointed an advisory committee composed of a number of gentlemen who had

special knowledge of the questions involved. This body, which was known as the Canadian national advisory committee on the St. Lawrence waterway, made its report to the government on January 11, 1928. The report will be found in the white paper which was tabled the other day. I shall make reference to one or two passages from the report. They bear on the question of the export of power and the policy that should be adopted in reference thereto.

Parliament met early in January, 1928, and on January 30 of that year the hon. member for Leeds introduced his amendment to the Electricity and Fluid Exportation Act, which provided that no person should export power without the approval of parliament. In introducing his bill my hon. friend said, as will be found in Hansard for that year, on page 12:

The effect of this bill is to provide that a licence shall only issue by the authority of parliament, and on such terms as may be determined by parliament. The necessary amendments to the existing act are included in this bill, and there is an express provision that nothing contained in this bill shall be deemed in any way to affect the rights of the provinces in connection with electric power.

The right hon. leader of the opposition (Mr. Bennett) spoke on the second reading of the bill and made the following statement, which will be found on page 361 of Hansard for February 10, 1928:

There is, however, a general tendency towards believing that, with respect to the exportation of electric energy, parliament should be consulted because of unfortunate incidents that sometimes arise by reason of such licences being granted, and then when the power may be required for domestic purposes at home, it is found that there have been created abroad vested interests of such a character that the cancellation of the licence is regarded as an unfriendly act. Parliament, therefore, should consider these matters in every detail before a licence is granted.

Hon. Charles Stewart, taking part in the debate and speaking on behalf of the Liberal administration of the day, on February 14, as will be found at page 453 of Hansard for that year, declared:

The government is taking no exception to this bill. It does not make any drastic change, but I think the sponsor has in mind that in cases where new developments spring up, and there is a possibility of a certain portion of the power being exported, the company or individual promoting the measure shall come to parliament and obtain a private bill for that purpose. With that suggestion the government has no quarrel; indeed I think I may say on behalf of the government that we will go even a step further. It is in our opinion desirable that the exportation of electricity be absolutely prohibited; it is too valuable an asset for us to permit it to leave our country.

[Mr. Mackenzie King.]

Speaking on behalf of the government during the budget debate of that year I gave to this house a very explicit statement of the views which the government held at that time. In doing so, I had in mind the existing controversy with respect to the development of the St. Lawrence, and the desirability of making the position clear in order that undue expectations might not be aroused in other countries with respect to the power which might be developed as a result of the project. The quotation is:

Then take our water powers; a few years ago we did not even regard them as an asset; to-day they are one of our greatest assets. This government has laid down the policy that the export of hydro-electric power shall be prohibited so that these great reserves of energy may be utilized in building up the dominion. We have available forty-one million horsepower, of which at present only four and three-quarter million has been developed.

That was the position in 1928. In 1929 my hon. friend re-introduced his bill and, as I have said, it was passed without discussion. It was given its three readings in this house with the unaminous approval of all members. The present Premier of Ontario, the Hon. M. F. Hepburn, was at the time a member of the house and, from the record of a division on that day, it will be seen that Mr. Hepburn was present in the house the day the bill received its three readings. As a matter of fact, so united were hon. members on the measure as proposed, which had as its essential principle the approval by parliament of the granting of all subsequent licences for the export of power, that it went through the house in one day.

Mr. MacNICOL: Did Mr. Hepburn vote for or against it?

Mr. MACKENZIE KING: In effect everyone voted for it. There was no division.

Mr. BENNETT: It was just called "Carried".

Mr. MACKENZIE KING: The bill was carried unanimously in this house. That was on February 21. On February 25, a debate took place on the St. Lawrence waterways development, and on that occasion I brought out clearly the government's view with respect to the exportation of power developed through that project from Canada to the United States.

I wish at this point to make clear to the house exactly what was in the mind of hon. members at the time that measure was discussed. One of the arguments strongly urged in favour of the St. Lawrence waterway project was that, under certain circumstances, it might be possible to have the whole cost

of canalization of the St. Lawrence borne by the United States. Canada had already made expensive developments in connection with the Great Lakes-Niagara-St. Lawrence waterway system. We had constructed the Welland canal, and there are other important developments of which hon. members are aware. Our outlay had already been very considerable, so that if the project were to be proceeded with it remained then for our American friends to meet the major portion of the expense, and we would have the advantage of the development, without much by way of further cost to Canada.

The situation was that the eastern states were in need of power and Canada requested only a limited amount; she did not require anything like the amount of power which could be developed on the St. Lawrence. The proposal was made from different quarters that Canada might be prepared to allow export of power to the United States for a number of years, until the demand had increased sufficiently to enable the Canadian market to absorb all the surplus power. That point was raised concretely in connection with the Beauharnois project. It was stated that if it could be agreed between the two countries that a large part of the surplus power developed at Beauharnois should be exported to the United States for a period of years, the amount paid for the power would be sufficient to meet whatever expenditures might have to be made by Canada for the canalization of the St. Lawrence.

Mr. BENNETT: That was predicated on the St. Lawrence waterway.

Mr. MACKENZIE KING: Yes; as my right hon. friend has said, it was predicated on the St. Lawrence waterway development. It was in that connection the government found it necessary to make it clear to the United States that we would not for one moment consider the export of power to the extent that would be involved in a proposal of that kind. In other words, public opinion in Canada would not entertain the thought of large quantities of power being exported to the United States, to the extent that it would develop communities on the other side of the St. Lawrence river which would be dependent upon Canadian power. In its report, the committee appointed to advise the government made it very clear that they felt any export of power to that degree would not be in accord with the views of the Canadian people, and should not be contemplated. It was made clear, once and for all, in discussions in connection with the St. Lawrence waterway development, that we would not consider the possibility of large-scale exportation of power from Canada to the United States.

I shall not refer to the brief observations of the hon. member for Leeds in reintroducing his bill. I shall, however, read to the house what I said in the debate on the St. Lawrence waterway. My observations are to be found in Hansard of February 25, 1929, page 415:

Our government has repeatedly made clear its policy with respect to the exportation of power from Canada to the United States. We have given it as our opinion that power should not be exported. That opinion was endorsed by the national advisory committee with respect to the power which might be generated in connection with the development of the St. Lawrence. Accordingly, in writing the United States with respect to any possible basis of negotiation, our position in this regard was made very clear. The exact statement made by our government will be found in the correspondence which passed between the United States and Canada, all of which was tabled in this house on April 17, of last year. In that correspondence will be found a communication dated January 31, 1928, which contains these words:

"Reference was made in your note to the early development of hydro electric power as a factor which must have equal application to and influence upon the Dominion of Canada. The opportunity of developing great quantities of power incidental to navigation is, it is agreed, a special advantage possessed by the St. Lawrence project, and an important consideration in determining its advisability. In this aspect of the project, however, there are again special features in the Canadian situation which it is desirable to make clear. Public opinion in Canada is opposed to the export of hydro-electric power, and is insistent that such power as may be rendered available on the St. Lawrence, whether from the wholly Canadian section, or from the Canadian half of the international section, shall be utilized within the dominion to stimulate Canadian industry and develop the natural resources. With this view the national advisory committee expresses itself as in complete accord."

That finishes the quotation from the note: I now return to my observations:

When the United States government replied to our communication it was made perfectly clear that from the point of view of the United States, Canada was entirely within her rights in taking such a position, and that no question would be raised on the part of the United States with respect thereto.

And later on:

What I wish to make clear at the moment is that, with respect to any projected St. Lawrence development, this parliament may take it as definitely settled and understood between the United States and Canada that power generated on the St. Lawrence and belonging to Canada will not be exported to the United States but will be used for the development of our industries and our natural resources.

Hon. members will find, at page 112 of the white paper I tabled a few days ago, the report of the Canadian National Advisory Committee. The opinion of the committee is found in section 9 at page 116:

In consideration of the economic aspect, we have given some thought to the question of possible export of power. As to that we would say that we are in complete accord with the feeling throughout Canada that export of power should not be permitted.

Then, at page 119 is the expression of opinion of Mr. Beaudry Leman and Adelard Turgeon, two members of the committee who, while in agreement with the other members of the committee, made additional observations, a part of which reads as follows:

It would seem wholly desirable that power developed in the national sections and Canada's share of power developed in the international section be not exported, permanently or temporarily. The energy so produced should be retained permanently in Canada as being a very important factor in its development. Should large amounts of power be temporarily exported there would be strong possibilities of causes of friction developing with the United States when this power would be required for use in Canada.

In view of the large amounts of power which would ultimately become available for use in the provinces of Quebec and Ontario, it would appear desirable that the governments of the provinces of Quebec and Ontario agree with the broad lines of the policy adopted by the government of Canada. It would seem important that the cooperation of the provincial governments concerned be obtained in respect of the features of this project wherein power development is the predominating object. The collaboration of the government of Canada and of the provincial governments concerned towards the realization of this project would be a potent factor in insuring its success.

Mr. CAHAN: What is the date of that?

Mr. MACKENZIE KING: It is dated Montreal, January 18, 1927. Based on that advice of the advisory board, a communication of some length was sent by the Canadian government, through its minister at Washington, to the Secretary of State of the United States. This communication was dated January 31, 1928, and made clear to the government of the United States how the government of Canada viewed the question of any possibility of large exports of power from the Canadian St. Lawrence waterway developments. In 1928 I tabled the correspondence relating to the St. Lawrence waterway project as a white paper. The report of the Canadian National Advisory Committee appears in that white paper as well as the correspondence between the governments of Canada and the United States. I intend to read a part of the dispatch of January 31, 1928, which will be found at page 9 of the white paper, of 1928:

Reference was made in your note to the early development of hydro-electric power as a factor which must have equal application to and influence upon the Dominion of Canada. The opportunity of developing great quantities of power incidental to navigation is, it is agreed, a special advantage possessed by the St. Lawrence project, and an important consideration in determining its advisability. In this aspect of the project, however, there are again special features in the Canadian situation which it is desirable to make clear. Public opinion in Canada is opposed to the export of hydro-electric power, and is insistent that such power as may be rendered available on the St. Lawrence, whether from the wholly Canadian section, or from the Canadian half of the international section, shall be utilized within the dominion to stimulate Canadian industry and develop the national resources. With this in view the national advisory committee expresses itself as in complete accord. The committee further indicates that, in view of the relatively limited capacity of the Canadian market to absorb the vast blocks of power contemplated by the St. Lawrence proposals, it follows that it is most important, in any arrangement which may be considered, that the development of power on the Canadian side should not exceed the capacity of the Canadian market to absorb it.

I wish to make clear again the circumstances in which these communications were sent to the United States government. They arose out of the development of the St. Lawrence waterway project and the proposal that, if the government of Canada would consent to the export of large quantities of power, it might be possible to have the canalization of the St. Lawrence made at the expense of the United States rather than at the expense of Canada. This brings the matter up to the end of 1929. The statements which I have given were made prior to the passing of the order in council which approved the plans of the Beauharnois Power Company. The statements were made in order to make the position of the government clear with respect to this larger proposal before any formal approval was given to the power development plans. As I indicated in the outline I gave a few moments ago, there has been no further major discussion in this house on this question since 1929.

In the years 1930 to 1935, my right hon. friend opposite was in office. During that period one significant measure was passed by the legislature of Quebec, which reversed the policy of that province of opposition to export of power from Quebec. I have already quoted the important sections of the statute of 1926. On April 4, 1933, that act was amended to permit the export of a limited

amount of power under certain conditions. I shall refer to these conditions before I conclude, but at the moment I think the house will be interested to know the position taken in 1933 by the present premier of Quebec with respect to the proposal that the act should be amended to permit the export of power from Quebec to the United States. The Quebec legislature does not happen to have a Hansard in which discussions are recorded, as is the case in this house, and I have therefore to fall back on the press report. I imagine the following report is correct, at least no exception has been taken to it so far as I know. The Montreal Gazette of April 5, 1933, reports a speech made by Mr. M. L. Duplessis, the leader of the opposition in the Quebec legislative assembly, during the debate on the bill to permit the export of power, as follows:

Mr. Duplessis said that the premier (Mr Taschereau) had declared at the time of the export prohibition legislation that once the power went to the United States it would be impossible to recall it, and to seek to do so would be a cause of war, so it was apparent that the government would not have control of the power to be exported. It meant a permanent alienation of 250,000 horse-power developed in Quebec. Already there was export of power from Cedars Rapids, and the Southern Canada Power Company also exported power to the United States. Evidently, the law had already been breached.

The second excuse was that the provincial government needs more revenue. But, demanded Mr. Duplessis hotly, was this a sufficient reason for alienation of natural resources? The conduct of the government was most regrettable, most condemnable. It meant that the United States would be aided in building up its industries, and Canadian workmen suffer from lack of employment.

"I cannot understand how the government, speaking through the voice of the distinguished minister of lands and forests, can tell the province that because it needs money it is necessary to part with our precious capital," said the opposition leader. "These resources were handed over to us as trustees, so as to insure the survival of our people, to maintain our national life, and not because we could get some revenue. We need money, but that is paying very dear for the few dollars. The minister asks for legislation to enable the government to give part of the soul of Quebec to the Americans for an annual revenue which does not represent more than a small share of the actual value of the power. The government says that things have changed, but the conditions of to-day are those made by the government, which has permitted over-capitalization, forced pulp and paper manufacturers to build new mills, permitted Sunday labour in those mills, and thereby added to the causes of the trouble. The government in 1926, following the policies preached by the opposition, adopted a policy of leasing our natural resources, and now the government asks for a return to the disastrous policy of alienation."

As to argument that the province has almost unlimited resources, Mr. Duplessis suggested that this surplus of electricity be used to electrify the countryside, supply light at cheap rates. For while 1,000 rural municipalities get electricity, he was ready to engage that the whole 1,000 complained of the rates charged. The country could be made more attractive with electricity, farming could be made to pay, and thereby a great problem would be solved, and there was also the matter of heating by electricity to be considered. Charity commenced at home, said Mr. Duplessis, and when all the things he had mentioned had been done, it would be time to consider if we had a surplus which could not be disposed of in Canada, and then the attitude to be adopted could be decided. There was talk of the need of preserving the savings of the people, but the greatest saving for the people would be to safeguard the natural resources for their benefit. What should be done was to commence rectifying the errors the government had committed in the past as much as possible, for there must be respect for rights legitimately acquired.

The present legislation meant that the richest and most accessible water powers would go to the benefit of the United States. Mr. Duplessis said the legislation was of a permanent nature, and it was to deal with a temporary condition of depression, and had it not been the premier who this session had repeatedly declared against legislation of a permanent nature to deal with temporary difficulties. The opposition was against the legislation with all its powers, and would not support a policy that was ruinous, backward and disastrous. It was asked that the lieutenant-governor in council be given the powers needed, but there had been abuses in the past, and he for one had no confidence in the lieutenant-governor in council, nor in the ability to make terms for the sale of our natural resources to the Americans. "We are of the opinion that the legislation presented is inopportune and prejudicial to the public interested," concluded Mr. Duplessis.

That, I think, is all that I need quote for the period from 1930 to 1935, except the following, which I imagine my right hon. friend the leader of the opposition will wish to have placed on record. Speaking on May 17, 1933, the then Prime Minister (Mr. Bennett) said, as reported in Hansard, at page 5131:

With respect to the export of power from Canada to the United States, those who are interested will find that in 1925 the legislature of Quebec passed a statute, the preamble of which is as concise and powerful an indictment of any policy that will permit the export of power as it is possible to conceive can be put into words. No stronger indictment as to the evil consequences that will flow from permitting the export of power to the United States can be found than will be found in that statute. But the province of Quebec has not the jurisdiction over the export of any commodity from this dominion. That rests within the jurisdiction of the dominion, and this parliament passed a statute which provides for licences being given before power or gas is exported from our country.

Elsewhere in the course of the discussion my right hon. friend mentioned, I believe, that no further licences had been granted by his administration and that they had no intention of permitting further exports.

In 1934, 1935 and 1936 there were no discussions in this house. I come now to the year 1937. Last year there was a short discussion; it took place on an item in the estimates, "Electricity and Fluid Exportation Act, administration of, $750." At that time the late Right Hon. Sir George Perley questioned the Minister of Trade and Commerce (Mr. Euler), who was then submitting his estimates, with respect to the policy of the government on the export of power. The discussion is reported, at page 2932 of Hansard of April 7, 1937, as follows:

Sir George Perley: I understand it is the policy of the government not to issue any further licences for export. . . . .

Mr. Euler: We do not grant licences to export power, except with the consent of the province concerned. We have given only this one.

Sir George Perley: I understand that. This one seems quite all right, because it involves only an exchange of power; we get back what we export. But if at the present time an application is made to the government for a licence to export a large quantity of power, what would the procedure be? What is the government's policy in that respect?

Mr. Euler: I do not know that I am in a position to say, except that I suppose each case would be judged on its merits. As a general principle, and speaking for myself rather than for the government—in fact, that is the only way I can speak—I would say it is not the policy of the government to export to another country power which might be needed in this country. However, no applications have been received, and I believe there are none before the department. About all I can say to my right hon. friend would be that we will cross that bridge when we come to it.

Later, Sir George Perley having said, with reference to some other point, "The minister does not seem to have taken that view of it,"—

Mr. Euler: . . . I cannot definitely say at this time, if the right hon. gentleman wishes me to make a direct statement, that this government is taking the absolute position that in no case whatsoever will it issue a licence to export power. I cannot say that. But I will say, as I said before, that I do not anticipate any substantial exportation of power, and certainly none which in my opinion of the government would in any way prejudice Canada's position in the future with regard to power requirements. I can give my right hon. friend no further assurance than that. I do not know of any absolute assertion by any government that as a matter of definite and conclusive fact they will not at any time export any power.

[Mr. Mackenzie King.]

Sir George Perley: I think the minister is right in that.

Mr. Euler: I think we should consider each case on its merits.

That concludes all I wish to say with regard to the discussions which have taken place in this parliament and what appears on the record as to the views of different administrations with regard to the export of power. I have made these quotations in extenso for the reason that they bear immediately upon the question which the government had to consider last year. From what I have pointed out, I think it is clear that, after the bill of the hon. member for Leeds had passed this house unanimously, the government—all governments from that time on—assumed that further licences were not to be granted without, at least, securing the approval of parliament. The fact that the bill referred to passed its first and second readings in 1928 and all three readings in 1929 without a division, settled, I believe, in the minds of the administrations that followed—that of my right hon. friend during his time, and the present administration since we have come into office—the view, which we believed the House of Commons would take with respect to any applications, namely that, while we should not close the door wholly to any export of power, we should provide that no further licences should be granted without the approval of parliament and that, in seeking to secure such approval, each application should be considered on its merits.

Much of the discussion that took place in previous years related to developments for purposes of navigation; but out of all the discussion we reached the point where this House of Commons was agreed upon a policy of permitting future export of power only with the approval of parliament. That was the position when, in April of last year, the government received an application from the Montreal Light, Heat and Power Company for the right to export 40,000 horse power to the United States, to the Aluminum Company of America at Massena, New York. The application will be found at page 65 of the white paper I tabled the other day. It was made on April 17. Some of my colleagues and myself were preparing at that time to leave for the coronation and the imperial conference, and when the application was brought to the cabinet we felt that we could not possibly give it adequate consideration in the little time that remained before we left. Accordingly we advised the parties who made the application that it would have to stand

over until after the return to this country of those members of the cabinet who were going abroad.

In the application, very strong arguments were presented as to why it should be granted immediately. For example, the application set forth that it would mean a reduction in the rates to consumers of electricity in the city of Montreal, whereas, not to grant the application at once was to deny consumers in that city a reduction in rates which they otherwise would have. That presented, of course, an important consideration. While the imperial conference was in session the company renewed its application to the cabinet, stressing that the matter was of such importance that it desired to have the licence granted before the return of the ministers who were abroad. It was pointed out that unless this application were immediately granted, the company might lose altogether the chance of making an important contract which it had under negotiation. However, the members of the government in Ottawa, in the absence of their colleagues abroad, declined to grant the application and took the view that the matter must be held over until the return of the absent members when there would be a full cabinet to consider the whole question.

When we returned, this question was one of the first taken up by my colleagues and myself. The president of the Montreal Light, Heat and Power Company wrote me a letter in regard to the application and asked for an immediate answer to the representations that had been made. The answer I made was to the effect that, in view of the importance of the subject, and the extent to which it had been discussed in parliament in the past, the government felt that the matter would have to be discussed in parliament in the first instance.

It was in August that the president of the company communicated with me. In November another application was received, this time from Mr. Powell, the president of Aluminium Limited of Montreal. Mr. Powell called upon me personally, accompanied by his counsel, Mr. Geoffrion, and presented the representations of his company with respect to the necessity for granting their application. It was pointed out that important contracts which had international significance were being held up because of a shortage of power experienced by a concern in the United States with which the Canadian company was allied, and that unless the application were granted forthwith these contracts might be prejudiced. It was claimed that all that was being requested was the right to export surplus power going to waste in Canada. It was urged that to deny to the company the right to export surplus power to help them to meet an important demand on the other side was to take an indefensible position. It was also advanced that the proceeds which the company would obtain from exportation of power would result in additional employment at a time when employment was needed, and that it would also have its effect on consumers' rates.

These were strong representations. The government took again the same position that I have described with reference to the previous application, namely, that, however willing we might be to grant the application, we did not feel that, in the light of previous discussions in this house and the view that it had unanimously taken with respect to the bill requiring the approval of parliament in the first instance before any export should be granted, we could do other than bring the matter here to parliament before consenting to such exportation.

I have brought the matter up to the second of November. Up to that time neither my colleagues nor myself had had any knowledge whatever that any other application was likely to be forthcoming. I am making this clear because I wish the house to understand exactly how it has come about that this bill has been brought in at the present time. It has not been brought in because the government of Ontario made an application. Representations in respect of the Ontario government's application were not made until late in the month of November.

Mr. BENNETT: It is significant that in the meantime the Cedars Rapids had withdrawn their application.

Mr. MACKENZIE KING: That point will come out later.

Mr. BENNETT: It is in the white paper.

Mr. MACKENZIE KING: But it does not bear upon what I have in mind at the moment. What I wish to bring out is that it was November 29 before representations were made by the premier of Ontario to my colleagues and myself with respect to granting a licence to the Ontario Hydro-Electric Commission to export 120,000 horse power. The position of the government had been taken, not in reference to any application from the province of Ontario, but with respect to two applications from the province of Quebec. That, I wish hon. members to see clearly, and to understand. The decision of the administration to deal at this session with the export of hydro-electric power, in a manner which would lead to a discussion of the whole subject on the floor of parliament,

grew out of the two applications made by Quebec companies, one in April and the other early in November, 1937. And the decision was reached and made of record in the replies that were sent to those companies before any member of the administration had any knowledge or thought of the possibility of any application coming from the province of Ontario. I notice that the hon. member for Dufferin-Simcoe (Mr. Rowe), speaking the other night in Petrolia, sought to present an entirely different view. I marvel very much at what he said in the light of the knowledge he must have possessed of the facts. Here is what he said, as reported in the Toronto Star of March 8, 1938:

Petrolia, March 8—"Premier Hepburn frightened King so badly over the export of power from this province that now the Prime Minister of this dominion has turned right-about-face and has submitted the matter of power export to parliament." Hon. Earl Rowe, Ontario Conservative leader, made this statement here last night.

And the statement is in quotation marks. Now may I say to my hon. friend that it was not Mr. King who was frightened by Mr. Hepburn, but it was my hon. friend himself who had the life frightened out of him. What is the present position? After he fought a provincial campaign with Mr. Hepburn and was badly defeated he took to cover very quickly, and is under cover at the present time in this house. He ought to be in the Ontario house fighting his battles with the premier of Ontario there. Evidently he is too frightened for anything like that; he has come back into the fold here and is carefully protecting himself in the shelter of this house while he makes attacks of this sort outside, which are wholly unwarranted and unjustifiable. I say to my hon. friend that as far as the application from Ontario is concerned, that application had nothing whatever to do with the decision of the government to refer the question of the export of power to parliament at this session. That decision was made, as I have indicated, before any word whatever had come to the government from the province of Ontario, nor was there the slightest thought in the mind of any of us that an application would be received from that source.

I have another reason for having placed on the record these statements this afternoon. It is to make perfectly clear to hon. members, and to the members of the Ontario legislature and to the people of Ontario, why the present administration could not possibly have given any other answer than the answer it gave to the premier of Ontario when he made the application to us to give to the Hydro-Electric Power Commission of Ontario the right to export 120,000 horsepower. We were already on record in writing to these two Quebec companies that they would have to wait until parliament met and the whole question was discussed here, before we could consider their request, and that we would only grant their request if we had reason to believe our doing so would be favourably viewed by this parliament. We expressly stated that we wished to be guided by the views of parliament, recognizing that in the course of years there may be reasons for modifying policies, but equally that, if those policies are to be modified, it must be in the light of reasons sufficient for that purpose.

I now refer the house to the application of Montreal Light, Heat and Power Consolidated, which will be found at page 57 of the white paper tabled the other day. The reply sent to that application appears on page 65 of the white paper. I wish to read that reply because it is what governs the situation. This letter was sent by myself in reply to a communication from J. S. Norris, president of Montreal Light, Heat and Power Consolidated. The president's letter is dated Montreal, August 10, 1937. I shall not read the entire letter but shall read two paragraphs:

The proposition is a matter of business in that it affords an excellent opportunity of disposing, temporarily, of some surplus power and bringing into the Dominion of Canada a substantial amount of money which would otherwise be lost.

The granting of the export licence requested will bring to the federal government approximately $75,000 per annum, by reason of the export tax, to the Quebec government a very substantial increase in revenue, and to the electricity customers in the Montreal area the amount indicated.

. . . we bespeak your good offices toward early and favourable consideration of the matter by your government; in other words we are fearful of losing the opportunity of this sale and consequently would appreciate an early decision.

The reply I made to that communication was as follows:

Ottawa, August 14, 1937.

J. S. Norris, Esq.,
President,
Montreal Light, Heat and Power
Consolidated,
Montreal, Que.

Dear Mr. Norris:

I wish to acknowledge your letter of August the 10th, just received, with reference to the application of the Cedars Rapids Manufacturing and Power Company, a subsidiary of the Montreal Light, Heat and Power Company, for a

licence to export 40,000 horse power to the United States, for sole use by the Aluminum Company of America, at Massena, New York.

The representations of your letter have received the most careful consideration of my colleagues and myself. I regret, however, that the government is not in a position to grant the licence, at the present time. In view of the broad question of policy involved, and the fact that the export of power to the United States has been debated at length in parliament on several occasions, the government is of the opinion that an opportunity should be afforded at the approaching session for a discussion on the subject, before any final action is taken with respect to the application of the Cedars Rapids Manufacturing and Power Company.

Yours sincerely,

W. L. Mackenzie King.

The interview with Mr. Powell, president of Aluminium Limited of Montreal, was held in my office, on November 2. In the absence of the under Secretary of State for External Affairs, the acting under secretary, Mr. Read, was present. I later asked Mr. Read to communicate to the company the views of the government as they were given after we had an opportunity of considering this second application. The following is the communication which was sent by Mr. Read to the president of Aluminium, Limited, Montreal:

Ottawa, 12th November, 1937.

Dear Mr. Powell:

May I refer to your interview last week with regard to the question of the application of the Cedar Rapids Manufacturing and Power Company, a subsidiary of the Montreal Light, Heat and Power Company, for a licence to export 40,000 horsepower to the United States for the sole use of the Aluminum Company of America at Massena, New York. During that interview you and Mr. Geoffrion discussed the relationship between the question of granting the export licence and the position of your company, Aluminium Limited, and its subsidiaries, especially with regard to the use of waste power developed on the Saguenay and the problem of the export markets.

The representations with regard to this matter have received the most careful consideration by the Prime Minister and his colleagues. It is a matter of regret, however, that the government is not in a position to grant the licence at the present time. In view of the broad questions of policy involved and of the fact that export of power to the United States has been debated at length in parliament on several occasions, the government is of the opinion that an opportunity should be afforded at the approaching session for a discussion on this subject before any final action is taken with regard to the application for the export licence in question.

Accordingly I have been instructed to communicate this conclusion to you for your information.

Yours sincerely,

J. E. Read,
Acting Under Secretary of State
for External Affairs

R. E. Powell, Esq.,
President,
Aluminium Limited,
Montreal, P.Q.

That communication, as I have said, is dated November 12. It was not until November 26 that the premier of Ontario asked to have an opportunity of meeting my colleagues and myself to discuss the question of granting to the Ontario Hydro-Electric Power Commission a licence for the export of 120,000 horsepower. Perhaps I should pause for a moment to make clear how the matter was brought to our attention in the first instance. My colleague the Postmaster General (Mr. Elliott) was in Toronto over the week end of November 21. While he was there, he had an interview with the premier of Ontario, in the course of which the premier handed him a communication which had been sent to him by the chairman of the Ontario Hydro-Electric Power Commission giving certain facts and making certain statements with respect to the power situation in Ontario. This communication was given by the premier to the Postmaster General to bring down to me to be considered by the government as an application, or at least as the basis for an application to the dominion government for an export licence. The communication appears in the white paper at page 67. It was not until January 21 of the present year that an application was made in due form. It appears at page 72 of the white paper.

When the first communication I have referred to was received by me, I sent it to my colleague the Minister of Trade and Commerce, who informed the premier of Ontario of the two previous applications which the government had received and of the action we had taken with respect to them. The minister indicated that it would not be possible to have the matter given consideration at that time. On November 26 I received a telephone communication from the premier of Ontario asking if he might be permitted to present the application to the cabinet in person. I arranged for a special meeting with my colleagues. I had planned to leave Ottawa during the previous week for an absence of a few days, but deferred my departure in order to make possible the meeting, and I asked my colleagues to have their plans so arranged as to permit them to be present also. On November 29 Mr. Hepburn met with my colleagues and myself in my office and made what I think might be considered as an application on behalf of the Ontario Hydro-Electric Power Commission to export 120,000 horse power.

I need not go into what was said at the interview; that is beside the point. All I think it is important to communicate to this house is that the premier of Ontario pressed very hard for an assurance from the government that we would grant the application.

In the presence of my colleagues, I read to the premier of Ontario the reply which I had made to Mr. Norris and the reply which Mr. Read had made to Mr. Powell with respect to their applications. I quoted several of the declarations of policy, which I have placed on Hansard this afternoon. I directed the premier's attention to the fact that he himself was in the house on the day in 1929 that the bill of the hon. member for Leeds was unanimously put through all its stages, and the house had decided there should be no further export until parliament had been given an opportunity of approving it. I pointed out wherein this had been the policy of all administrations from 1929 on. I intimated that in the circumstances it was impossible for the government then and there to accede to the request that had been made and that consideration of the application would have to be held over until after the assembling of parliament.

We were told that the matter was extremely urgent; that the answer must be given that day; for the reason that if it were not given that day the speech from the throne, which was already prepared and was to be delivered on the following day, would have to be changed. I intimated, in speaking with the premier of Ontario, that being a responsible ministry we held the view that as the executive we were the servants, not the masters, of parliament, and that inasmuch as parliament had repeatedly shown a special interest in this matter, and as we had stated in writing our intention to bring the matter before parliament at this session, we could take and would take no action until after an opportunity had been afforded for a full discussion on the export of power in parliament. Naturally the premier of Ontario was much disappointed at that reply. I think I have indicated all that is essential in regard to what took place, and why at that time it was not possible to meet the wishes of the premier of Ontario.

Perhaps I should conclude what I have to say by briefly summing up the reasons pro and con with respect to the granting of an application for the export of power. I hope I have made it clear that so far as the administration is concerned, we have been actuated not by personal motives in any shape or form but solely by a desire to further the public interest and to be true to what we believe to be the relation of an executive to the parliament to which it is responsible. I would now say that in our opinion not only should members of this house feel free to express their views with respect to what is wisest in the matter of granting permission for the exportation of power, but they should consider the question most carefully and should not fail to express their views in the clearest manner possible. The views which have been already expressed in this house in previous years show there can be no doubt that the question is one of the most important that at any time is likely to present itself for the consideration of parliament. It is perfectly clear that policies have tended more and more in the direction of safeguarding our electrical energy in this country; it is, however, equally clear that as time has passed it has become apparent that there may be cases where it may be wholly justifiable to grant permission for the further export of power. I would go a step further and say that there may be cases where it would be an injustice not to grant such permission, provided that the case on its merits establishes the wisdom of so doing.

With respect to the particular applications I have mentioned, the only one which has come before us since the last session of parliament, that of the company at Cedars Rapids, as the right hon. the leader of the opposition has already remarked, has been withdrawn. I am not so sure as to the application of the Montreal Light, Heat and Power Company, but as one is a subsidiary of the other I believe the cancellation of one application would involve the cancellation of the other.

Mr. BENNETT: It is the same organization.

Mr. MACKENZIE KING: This means that at the present time the government has before it for consideration only one application, namely that which comes from the government of Ontario. I hope I need not say that the attitude the government will take towards the matter is precisely the same as if the application had come from any other province of the dominion. May I point out further that in considering this matter I believe we should seek to free ourselves of any feelings of prejudice which may have been aroused as a result of discussions which have taken place. In the present measure, we are not deciding what is to be done in connection with the Ontario application, more than to state that the application can be granted only after a private bill has been introduced, has passed this house and the senate, and been given assent. To-day we are deciding what steps should be taken in the event of applications from Nova Scotia, New Brunswick, Prince Edward Island, Quebec, Ontario, Manitoba, Saskatchewan, Alberta or British Columbia. If possible at this stage, I should like to divest this measure at all events of any special relationship to

the province of Ontario. That question can be debated when, in the event of this measure passing, we have the private bill before us.

The house must now consider the broad question of whether or not some cases may arise or have not already arisen where parliament would be justified in granting licences for the export of power. What, then, are the arguments pro and con? Possibly I could sum them up briefly.

The argument most frequently urged against the export of power is that we are parting with our natural resources; that we should not deplete our natural resources. It is stated that the natural resources are the greatest assets of a country, and that in allowing the export of power we are losing the value of a great asset. I believe the answer to the assertion is that power differs from other natural resources in that unless it is used at the time it is created it wastes and is lost forever. Nothing but surplus power, it is said, is to be thought of in connection with exportation. Once power is created, unless it is used immediately it is gone for all time.

This consideration does not apply to other resources. Exportations from our mines and our forests are exportations of national assets which may be limited in quantity. Electrical power is not so limited; the supply is not lessened by permitting export of surplus quantity. When we export power we are not parting with national capital. We do not export the rivers or the falls which create the power. They remain, and continue to function. The same is not true of copper, gold or any other natural resource which may be exported. The true parallel is found in the annual crop. In the exportation of surplus power we have something similar to the exportation of a perishable crop, because if it is not exported it is wasted for all time. It would be as reasonable, it is contended, to prohibit the export of wheat, or cattle or paper to the United States or for the United States to prohibit the export of its coal or oil to Canada. I believe the difference must be apparent, and it is a fundamental one to keep in mind in connection with any application for the export of surplus power.

The next argument is that we ought to keep power in Canada for the purpose of building up our own industries. It is stated that we should keep it for our own industrial and commercial development and, particularly, that it should be kept in the country for use in shops, factories, and for domestic use in homes for purposes of lighting, heating and motive power. There is too the argument that electrical power should be used more extensively on our farms to relieve much of the work now being done by manual labour. Especially as other fuel becomes more scarce and expensive is there the greater need to keep electrical energy in our own country. The contention is that if at this time we export power to any great extent, as time runs on it would not be available, and it would be more difficult for domestic industry to secure, at the low cost which would otherwise prevail, the power which should be available. Also it is contended we should, by retaining our power, seek to attract industries and capital to Canada.

Mr. MacNICOL: What is the Prime Minister's idea with respect to the possibility of withdrawing the right to export power, after it has been exported?

Mr. MACKENZIE KING: I shall deal with that point later. I am now trying to present both sides of the case as fairly as possible, because undoubtedly there would be no justification for asking parliament to permit the export of power only by private act unless there were cases where such private acts of parliament would be wholly justified. For that reason I am presenting the argument in this form, to make clear to the house what is to be said for and against the export of power. I do this so that the entire situation may be clear to hon. members.

The opposite side of the same shield is that, with our own power, we should not through export, help to build up competitive industry on the other side of the boundary line. It is alleged that as we send power out of the country we are helping to create industries in another country. As the hon. member for St. Lawrence-St. George (Mr. Cahan) argued on one occasion, we were sending power to build up factories in the United States and to give employment to United States labour, while our own people were unemployed.

It must be remembered that in the development of power, capital is necessary for the erection of plants in which the power can be generated. Capital must be found for transmission and installation of electrical energy before its use can become general. From where is that capital to come? It has been argued—and I believe it can be argued successfully—that some of the enterprises which have already been established in Canada for the purpose of developing power have been established with the assistance of United States capital, and that the capital would not have come to Canada had it not been for the fact that some of the power was to be exported to

the United States. In other words, those who favour export contend that to establish a power development requires extensive capital, and that capital can best be secured by permitting the export of a limited amount of the surplus power, until the necessary further capital is found in the country itself to provide for additional transmission, installation and the like. It is the demand for power that brings forth the capital needed for its development. If that demand is not effective it is of little avail. If capital cannot be found at home, it is contended that by exporting surplus power developed at home employment is thereby given our own labour and additional income secured wherewith to expand and extend facilities at home.

In connection with the building up of industries elsewhere, it is important to note that apart altogether from available power, there are many other factors which must be taken into account. Power is a decisive factor in deciding the location of industry in only relatively few cases. Most industries depend upon other available materials, the accessibility to markets and in some cases the geographical location. Power is vital to certain industries, but in others it is not the most important factor. It is probably more important in the paper and aluminium industries than in most others. It has further to be kept in mind that steam power can be produced from coal and that under present day developments it is possible to have it produced at a much lower cost than could have been done heretofore. It is alleged that what will happen in the event of surplus power not being exported is simply that coal will be used to develop power from steam as a substitute. It is claimed that exported power brings revenue to the country that exports. That is one of the answers given to the statement that the export of power means that our own people are going to suffer as a consequence.

The export of power, it is claimed, increases the cost to consumers at home by limiting the quantity available at any moment, and by deferring the time when the surplus power may be used for domestic purposes. The contrary argument is that the extra sale of power enables companies to reduce costs to consumers. It was asserted in all the applications that were before the government last fall that in the event of the export of surplus power being permitted, the companies would be in a position to reduce rates to consumers. What was promised in that connection will be found at pages 57, 65 and 75, 76 and 77 of the white paper. There will also be found the answer of the companies mentioned to the assertion that the export of power may mean that the day is being postponed when consumers in our own country will get lower rates.

Mr. CAHAN: Did they suggest to what time the reduction would continue?

Mr. MACKENZIE KING: Every grant of permission for export should be made subject to clearly defined terms and conditions; in the granting of permission parliament would fix a definite time limit and a definite amount of power related to the quantity that is available and required in Canada. It would doubtless require that there must be reasonable belief that the surplus power to be exported would not and could not be used at home at the time of the export.

Mr. BENNETT: Within a reasonable time.

Mr. MACKENZIE KING: Within a reasonable time. I am simply outlining the argument; I am not saying that it is substantial or otherwise. I think it is right that we should see that there are two sides to this question.

The strongest argument against the export of power is between that referred to by the hon. member for Davenport (Mr. MacNicol), namely, that once power is exported it is difficult to retrieve; that it creates vested interests in other lands, and that international complications are almost certain to result once an effort is made to stop the export of power that has been exported for a certain length of time. As I mentioned in the earlier part of my remarks, in 1914 the governor in council found it necessary to deal with that phase of the question. The Public Service Commission of the state of New York had made representations to the effect that power which was being imported from Canadian sources could not be cut off summarily. They had given it as their opinion that the government of Canada would not be justified in stopping this export once it had been permitted for a considerable period of time. The government of Sir Robert Borden felt it necessary to take official notice of that statement and reply to it. This was done by the enactment of an order in council in which it was made quite clear that the government of Canada could not be expected to refrain from stopping the export of power at any time that it might deem it necessary to do so, and that it must be understood in the United States that any power which was being exported from Canada was being exported only by yearly licence. This yearly licence, it was asserted,

was being required that exports from Canada might be considered not as creating a permanent vested right which companies operating in the United States could hold and claim, but simply a right extending from year to year.

Mr. BENNETT: That the licence meant what it said.

Mr. MacNICOL: Has there been any instance where power has been cut off? What about the large company the Prime Minister has referred to, the Niagara Hudson Company?

Mr. MACKENZIE KING: I cannot go into details at the moment; I am just trying to give broad aspects requiring consideration. What I want to make clear is that that question did come up in 1914. I am not sure, as I have no personal knowledge, that during the war the question was not considered by the government of the day.

Mr. BENNETT: That is right.

Mr. MACKENZIE KING: I believe there was a desire on the part of some Canadian interests to take back some of the power which was being exported to the United States. The power, I have been given to understand, was being used by industries manufacturing essential war supplies, and as the United States was friendly to Great Britain at the time, and subsequently an ally, pressure, I understand was brought to bear on the Canadian government by the government of Great Britain as well as that of the United States to allow the export of power to be continued.

Mr. BENNETT: Certain changes were made in the Massena dam.

Mr. MACKENZIE KING: I have no personal knowledge of the matter, but I believe that is correct. A significant fact, however, is that thirty years have passed since 1907, and thus far we appear to have escaped anything in the nature of serious international complications. I think our American friends fully understand the terms upon which power is being exported and will understand whatever terms may be inserted in any permission to export power that may be granted.

At the present time a question arises as to what might happen in a critical situation were large quantities of power being exported to the United States. During the last few days we have seen references in the press to alleged representations made in Washington by the New York power authorities in conference with the president and to views said to be entertained by the president concerning the significance of any extensive export of power from Canada to the United States. While there is no possibility, I imagine, of war arising at any time between this country and the United States, none of us can say that there are not possibilities at some time in the future—I hope and pray they may never arise—that the United States may be drawn into a war into which Canada may not be drawn, or conceivably that Canada might be drawn into a war into which, as for awhile was the case during the great war, the United States may not be drawn. In either case the question might arise as to how far neutrality was being preserved by the country that was not at war if, on the one hand, it was supplying power to a nation that was at war, or on the other was receiving from a nation that was at war the power to develop some of its industries producing essential war supplies. I believe that question is important enough to mention as a consideration of which account should be taken in considering possible future complications, and of course it is something that will have to be considered in the event of further exports of power.

These are all important considerations. If the house will permit me, I should like, for a few minutes after we resume, to place on the record one or two statements which bear out the contentions I have been making with respect to the pros and cons of the export of power. I hope, however, that enough has already been said to convince hon. members not only that there is ample justification for the government bringing forward this legislation at the present time but also for giving it the particular form it has, namely requiring that power shall hereafter be exported from Canada only with the approval of parliament, and that in the light of all existing circumstances and the merits of the case, realizing that there is much to be said both for and against the export of power, and that the course it may be wisest to take can best be decided only after all sides have been heard and all relevant facts carefully considered.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. MACKENZIE KING: What I had in mind before adjournment as an addition to my remarks was largely in the nature of quotations from some of the documents which are recorded in the white paper I tabled some

days ago. If the house will allow me to indicate in Hansard where the quotations appear it will save the trouble of putting them at length on the record. With this permission I conclude what for the present I have to say on the subject of export of power.

Hon. H. A. STEWART (Leeds): The complete and extensive review made by the right hon. the Prime Minister (Mr. Mackenzie King) of the history of parliament's attitude to this question and the attitude of those who have spoken from time to time on the export of hydro-electric power has lightened my task, because I had intended, though to a more limited extent, to place before the house the views expressed in the way in which the right hon. gentleman has quoted them. I had not intended, however, to go into as much detail as he has done. I think it fair to say that the only conclusion which can be drawn from these quotations is that public opinion has been moving over a period of years in the direction of the limitation and perhaps the prohibition of the export of electrical power from Canada. There are two other observations which I would make in connection with the Prime Minister's speech. A considerable portion of it, I submit, would be more applicable to a private bill which might be introduced in the house to permit the export of electrical power; and as far as that is true, I do not propose to follow in detail the course the Prime Minister has adopted but will reserve the right to take an opportunity to discuss the situation if and when such a bill is introduced.

Undoubtedly hydro-electric power is a great natural resource, and the Prime Minister has stated that it may be distinguished from our other natural resources in that if it is not used it will go to waste. I think we all agree that it is the duty of the government and of parliament to deal with the natural resources of Canada in the way best calculated to serve the interests of the Canadian people, and I cannot conceive that over the long period of years during which this subject has been discussed, this distinction between hydro-electric power and other natural resources has been overlooked by those who have discussed the matter. It is not at all a new statement to make, and I have just this to say, that if it be waste not to use hydro-electric power, it would be far worse than waste to allow it to be used by the competitors of Canadian producers and industry to the disadvantage of Canadian producers, thus enabling their competitors to add another advantage to those which they already possess.

[Mr. Mackenzie King.]

I look upon this as perhaps the most important bill that has been introduced in the house this session or that will come before parliament. It affects our dealings with one of our great natural resources and for that reason it deserves careful and serious consideration. In days gone by we have boasted of our natural resources and then we have proceeded in many cases to waste, to dissipate and to destroy them; now we are turning our attention to the conservation of these natural resources.

I propose to discuss this bill from two angles: our interest and responsibility to the Canadian people, and our relations to our great neighbour the United States. I had hoped that the attitude of the government would be the same on this occasion as it was when I introduced Bill No. 15 in 1928, on which occasion the then Minister of the Interior, speaking for the government, supported the bill and said that they were all prepared to go further and prohibit the export of power.

As far as I know, the first steps taken to control the export of power or electricity or fluid was in 1907 under the Electricity and Fluid Exportation Act. That act provided for a licence to be issued under order in council. This provision of the law continued without any amendment until 1928, and in fact no amendment has yet been made. An attempt was made in 1928 to make an amendment which would have practically the same effect as the bill now before the house. Clause 1 of Bill No. 15, which I introduced, reads:

> Section five of the Electricity and Fluid Exportation Act, chapter fifty-four of the Revised Statutes of Canada, 1927, is hereby repealed, and the following is substituted therefor:
>
> "5. No person shall export any power without approval of parliament or on any terms or conditions other than those approved by parliament.
>
> Provided nothing herein contained shall be deemed to affect the right of the governor in council to renew or cancel wholly or in part any licence for the exportation of power issued before the first day of January, 1929.
>
> Provided also that the governor in council may grant licences, or may authorize an increase in the amount of surplus power to be exported under existing licences, in cases of temporary emergency."

That, I submit, is in effect quite similar to the bill now before parliament. My bill passed this house unanimously but failed to receive approval in another part of this building. The object of the amendment on that occasion was to place the responsibility upon parliament rather than upon the governor in council. Orders in council may perhaps in some cases be considered more of a routine matter, and certainly the growing appreciation of the importance and value of hydro-electric power

makes it desirable that any disposition of it should be considered by parliament rather than by the governor in council.

I think we can all recall that in the early days of the history of this country industry established itself around a waterfall. Communities were built up, stores established, and it became a centre of influence and activity. Now that is all changed. Instead of industry finding it necessary to go to the waterfall for power, the power may be transmitted very long distances to wherever industry may desire to establish itself. Whether that is to the general public advantage may be a question; but the fact remains, and must be recognized in our consideration of this matter. The necessity for conserving our natural resources was recognized, as I recall it, in 1909, when a commission on conservation was appointed by chapter 27 of the statutes of 1909. Some of the provisions of that statute are as follows:

1. There shall be a body to be known as "The Commission of Conservation," hereinafter called "the commission."

2. In addition to ex officio members, the commission shall consist of twenty members appointed by the governor in council, and who shall hold office during pleasure.

3. The Minister of Agriculture, the Minister of the Interior, the Minister of Mines and the member of each provincial government in Canada who is charged with the administration of the natural resources of such province shall be ex officio members of the commission.

10. It shall be the duty of the commission to take into consideration all questions which may be brought to its notice relating to the conservation and better utilization of the natural resources of Canada, to make such inventories, collect and disseminate such information, conduct such investigations inside and outside of Canada, and frame such recommendations as seem conducive to the accomplishment of that end.

I submit that a commission set up in the way this one was for the single purpose which it had in view, constituted as it was, non-partisan in its political character, and equipped as it was, was well qualified to give advice and to deal with matters committed to its care. And the recommendations and reports of such a commission should carry great weight with this house. Therefore I propose to quote briefly from some of the reports of this commission on this subject of hydro-electric power.

First I quote from the second report of the commission, 1911, page 113. The title of the chapter is, Opinions Given, 1910. They were dealing with the question of a proposed dam in the St. Lawrence river. The St. Lawrence Power Company, which had passed under the control of the Long Sault Development Company, was incorporated by an act of the dominion parliament on May 23, 1901. Its object was to construct a dam in the St. Lawrence and to develop hydro-electric power. The observation of the commission with respect to the particular phase of the matter now before the house was as follows:

Canadian interests are given a minimum consideration in the company's plans. Of the total available development of 600,000 horsepower only a small portion, one-sixth, would be developed on the Canadian side of the river.

The Canadian market cannot at present absorb its half of the proposed development and should power be exported to the United States the vested interests it would create there would prevent its subsequent withdrawal to meet the future needs of Canadian industries.

Then again, dealing with a bill of the St. Lawrence Power Transmission Company, which came before this parliament, they say:

The House of Commons amended the bill so that the company could neither acquire water powers, generate electricity nor export it from the country.

Then I refer to the eighth report of that commission at page 183, Our Water Powers and Industrial Development, by Leo G. Denis, hydro-electric engineer, commission of conservation:

The war has awakened Canadians to a realization of the natural resources of their country. It has thrown us back upon ourselves in a way which perhaps no other one thing could possibly have done. It has shown us that we must be less wasteful in the use of our resources and must devote more attention to their more adequate development. If we are to retain our place industrially we must learn to do for ourselves what others have been doing for us. The time has surely arrived when we should work out our industrial independence and prepare for the industrial struggle that must follow the war, otherwise it is more than likely we will lapse into our old helpless dependence and never realize our destiny of becoming a really great industrial nation.

Again at page 189:

Canada is by no means backward in hydro-electric development. With but few exceptions all our principal cities and by far the greater number of our towns and villages are supplied with hydro-electric energy, while the electro-chemical industries centred at Niagara, Shawinigan and elsewhere evidence the development in that direction. Nevertheless with proper direction and encouragement this could be greatly increased. An example of this is given in the electro-chemical field where although exact figures are not available it is safe to say that more hydro-electric energy is exported for this industry than is used in Canada for the same purpose.

Industries in which the cost of power is but a small factor in the total cost of production do not benefit greatly from cheap power. While cheap power is an attraction to all industries, other things being equal those requiring the largest amount figured on a basis of the value of their product will naturally be more interested.

Again at page 227, The Water Power Situation in Canada, by Arthur V. White, consulting engineer of the commission, speaks along the same line and emphasizes the value of hydro-electric power.

All the recommendations in these reports that I have been able to find emphasize the value and importance of hydro-electric power, and are against the export of it from Canada. The reasons which they give were, I submit, sound then, and if they were sound then they are stronger now, because the use of hydro-electric power has expanded. We are finding new uses for it every day, and the extent to which it will be used and required is bound to increase as the years go by. All these recommendations are in favour of a restriction or prohibition of the export of hydro-electric power.

The other feature I wish to emphasize is the importance of the policy in relation to the United States. Our international relations are a matter of tremendous importance to Canada. The necessity of at all times being on good terms with our neighbours to the south needs only to be stated to be admitted and, on different occasions has been emphasized by the right hon. the Prime Minister. Much has been done to ensure the maintenance of these good relations by the appointment of joint commissions and international commissions for the purpose of solving amicably any questions which may arise.

The export of hydro-electric power has been the subject of a declaration and of an attitude taken by a responsible authority in the United States. The Prime Minister referred to it this afternoon, and I propose to make a further reference to it. The Prime Minister referred to P.C. 2203 of August 25, 1914, which states:

The committee of the privy council have had before them a report dated June 16, 1914, from the Right Hon. the Secretary of State for External Affairs, calling attention to a recent opinion of the Public Service Commission of the State of New York in the matter of the application of the Canadian-American Power Corporation for permission to import an additional 46,000 horsepower of electrical energy from Canada into the United States.

The minister observes that the opinion, in discussing the laws and regulations of the Dominion of Canada relating to the exportation of electrical energy and their effect on the question of granting the desired permit, uses the following language:

"Government Limitations Upon the Export of Electric Power from Canada

The Canadian government requires the taking out of a yearly licence permitting exportation of Niagara electric power. Upon the limitations existing as to the exportation of electric power from Canada into the United States, it appears that for many years, under the so-called Burton Act, and by action of the Canadian government a very large amount of Canadian-produced Niagara electric power has been and is now being imported into this country at and about the Niagara frontier, and is being distributed for light and industrial power and railroad purposes within the State of New York in many places, embracing Syracuse to the east, the southwestern part of the state, territory south of Lake Ontario and Buffalo, and Niagara Falls in the west. The companies distributing this imported power have issued stocks and bonds in very large amounts based upon their business of distributing Canadian power. This applicant is now seeking to enter the same field. Without going into details, it seems sufficient to say that the prohibition of exportation from Canada of this present electric power which now comes into this country would paralyze business and industry of many kinds and would deprive numerous localities of electricity for light. American-produced Niagara power is so far from supplying the vital needs of the section of the state above described that the immediate results of such prohibition would plainly amount to a great public calamity.

The form of securing a licence yearly from the dominion government is required by the dominion law, but such licence has been granted yearly to the other great producing electrical corporations of Canada, and no reason appears for apprehension that any discrimination would be made against the Electrical Development Company or the Toronto Power Company, lessee. We have nothing before us but the suggestion that the Dominion of Canada may at some future time forbid this exportation. This commission must assume that international relations affecting so important a subject as the means of continuing great industries which have grown up in reliance upon the use of this imported power, and as well the interests of the Canadian producing companies themselves, have become fixed and subject only to such changes as will fully protect the great commercial and industrial interests and rights now served by this power brought from Canada. The time has long since passed when governments proceed ruthlessly from pure national rashness or anger to destroy the settled accepted commercial relations and formally vested rights of persons and corporations."

That is the end of the quotation. The order in council then continues:

The minister further observes that from the foregoing it is conceivable that some misapprehension may exist as to the scope and effect of the action of the government of Canada with respect to the exportation of electrical energy and as to the object toward which such action has been and is directed.

That object is apparent from and indeed is embodied in the laws, regulations, and procedure under which this government has hitherto permitted such exportation and by virtue of which alone electrical energy is exported from Canada.

The Electricity and Fluid Exportation Act provides that no person shall export electrical energy without a licence, or otherwise than as permitted by such a licence; that subject to the regulations made by him in that behalf, the governor in council may grant licences; that licences shall be revocable upon such

notice to the licencee as the governor in council deems reasonable in each case; that any licence may provide that the quantity of power to be exported shall be limited to the surplus after the licencee has first provided for Canadian consumers to the extent defined by the licence; that every such licence shall be revocable at will by the governor in council if the licencee neglects to comply with any of the conditions imposed with regard to the supply and distribution of power in Canada; that the governor in council may make regulations for giving effect to the objects and intention of the act.

By order in council of the 4th of November, 1907, regulations were established to give effect to the act. Under these regulations licences to export electrical energy must be applied for on or before the 1st day of April of each year, and are, therefore, valid only for one year. It is further ordered that any licence issued shall be revocable at will by the governor in council if the licencee neglects to comply with any of the conditions from time to time imposed by the governor in council with regard to the supply and distribution of electrical energy in Canada; and, moreover, that whenever such electrical energy is required for the use of purchasers in Canada any such licence shall be revocable upon such notice to the licencee as the governor in council deems reasonable in each case.

Under established procedure the licences granted have invariably directed attention to the fact that they were granted by virtue of The Electricity and Fluid Exportation Act and the regulations made thereunder, and for some years past have expressly pointed out that as they were granted for only one year licencees must not enter into any contract which they would be unable to fulfil if the licence should not be renewed, or if the act, or the regulations made thereunder, should be changed.

The effect of these laws and the procedure is clear, and it must be abundantly apparent what the object of this government has been and is. Power or energy generated from streams in Canada, has been as it must be, regarded primarily as a natural resource of the country to be developed and utilized to the utmost possible extent for the benefit of the country. And it was recognized that while it was consistent with that view to permit exportation so long as the demand in Canada for power should not be sufficient to absorb the whole production, yet it could be permitted only in such manner and on such terms as did not conflict with the ultimate necessity of securing and preserving this natural resource for the use of the people of Canada if and when needed by them.

In view of this object clearly embodied in the laws and regulations referred to, it seems hardly necessary to point out that the securing of a licence each year, so far from being a matter of mere "form," is one of substantial significance. Nor can it be admitted that, by reason of the existence of industries elsewhere which have used electrical energy exported from Canada, there has been created a condition or status which in any way involves an obligation on the part of this government to permit a permanent diversion of this natural resource from the country. For it is the fact that all electrical energy exported from Canada has been exported only by virtue of The Electricity and Fluid Exportation Act and the regulations made in pursuance of it; and not only are these, as laws of the Dominion of Canada, within the notice of those interested, but the minister is advised that it has been the invariable practice of the officers administering the act to inform licensees that they should notify all persons, with whom they might enter into contracts to supply electrical energy, of the terms and conditions imposed by the act and the regulations, and that in fact all such persons have been so notified. Their use of the electrical energy has, therefore, been subject to and in full recognition of the contingency contemplated by the act as above pointed out.

But though it is impossible to accept the suggestion, if indeed such a suggestion is intended, that anything in the nature of a vested right has been acquired, it is nevertheless recognized that many consumers who have been using Canadian exported electrical energy may have placed themselves and their business activities in such a relation to this supply of energy that any sudden, complete cessation of it would entail great inconvenience and possible hardship. This is, of course, a consideration which should receive every respect consistent with the duty of this government ultimately to secure for this country the best benefits of the natural resources appertaining to it. The regulations established to give effect to The Electricity and Fluid Exportation Act themselves provide that in the event that the exported electrical energy is required for the use of purchasers in Canada licences shall be revocable only upon reasonable notice. In accordance with the spirit of this provision, and it need scarcely be added, with every desire and intention to avoid anything that could be regarded elsewhere as an arbitrary exercise of power, the most careful consideration is being given to the question of the terms and notice on which the undoubted right of this government to terminate at any time the exportation of electrical energy may best be exercised so as to entail the least possible inconvenience to those concerned.

And while the effect and intention of the laws and regulations above referred to are apparent from their face and neither need nor will have gained anything from re-statement, yet Your Royal Highness's advisers are desirous that no injury or hardship should accrue through a misapprehension on the part of the consumers who have used or hereafter will use electrical energy exported from Canada, however unfounded that misapprehension may be.

The committee, therefore, advise, on the recommendation of the Right Honourable the Secretary of State for External Affairs, that a copy of this minute, if approved, be forwarded to His Majesty's Ambassador at Washington with the request that he make representations to the United States government in the sense thereof in order that the matter may properly be brought to the attention of whatever persons or interests are concerned.

All of which is respectfully submitted for approval.

(Sgd.) Rodolphe Boudreau,
Clerk of the Privy Council.

I would draw particular attention to the paragraph which points out that it was considered necessary to send this to His Majesty's Ambassador at Washington, in order

that representations might be made in the right direction in connection with this position. Here, I think, is a plain warning as to the attitude likely to be taken by the users of power in the United States, if exported from Canada, even under an annual licence and with the distinct provision in the licence that it may be cancelled at any time. I say that, because those were the very provisions which were in the licences referred to in this memorandum. With that warning before us, I say we should be very careful of the action we take in connection with the export of hydro electric power.

The sixth annual report of the commission of conservation to which I have referred, quotes this very memorandum at page 146, and refers to the Burton Act of the United States which dealt with the importation of hydro electric power from Canada. Again there is contained the warning against the export of hydro electric power. I quote from page 147 of this sixth report:

> The Burton Act empowered the issuance of revocable permits for the transmission of additional electric energy from Canada into the United States, and it may further be emphasized that the Canadian measure—the Fluid Exportation Act—provides that licences for the export of power from Canada are also revocable. What, then, is the real import of a statement such as is recorded by the Public Service Commission of the State of New York? It, in effect, proclaims that the people of New York need not be concerned about permits and licences, revocable or otherwise. It states plainly that, if they can only succeed in once getting this electric energy from Canada into the United States, and have it distributed so that their citizens and industries become dependent upon it, then Canada could not hope to alter these conditions. In the words of the commissioners, the conditions in the state would "have become fixed, and subject only to such changes as will protect the great commercial and industrial interests and rights now served by electric power brought from Canada," that is to say, as will protect "the great commercial and industrial interests and rights" in the United States.

That was the view taken by the commission at that time, upon this memorandum referred to in this order in council. Again I say that in this house, desiring to maintain at all times the most amicable relations and to avoid anything having the semblance of friction or misunderstanding, we should be very careful indeed in the matter of this export of hydro electric power, particularly in view of this warning that has been given both by the power commission of the state of New York and by our own commission of conservation.

It has been pointed out, Mr. Speaker, that there may be some temporary financial advantage in the export of hydro-electric power. Well, it is difficult to say just where that advantage is to be found, whether with the consumer or with some company desiring to export power. We ought, however, to weigh any temporary financial advantage against any possible future complication, and we should take the long view of the matter rather than the short view. Taking the long view, and considering also the tendency of industrial development and the added uses to which hydro-electric power may be put, I submit that it is not in the interests of the Canadian people to export hydro-electric power at this time. This matter is, I understand, receiving some attention in the United States. I have reason to believe, from something I read in the newspapers, that the president himself is giving the matter some attention, and that it is causing him some concern. I believe he sees in it possible complications and difficulties in the future.

If I wanted to give an example of the desirability of retaining Canadian resources and the difficulty of getting them back once they have gone from Canada, I think I might not inappropriately refer to the diversion of water at Chicago. There is an instance where there is not a licence or a permit; where there is no authority whatever, and where the supreme court of the United States has directed a reduction in the amount of the diversion. The question has been the cause of long, extended negotiations and discussions between the government here and the government at Washington; yet we have not succeeded in terminating that diversion, which is to the disadvantage of the Canadian people. I contend that if this condition prevails when there is no authority and no right, if a licence is granted and power is exported under that licence it would be very much more difficult to get that power back when it is required here than it has been to lessen the diversion of water at Chicago.

As I have said, Mr. Speaker, in essence and principle this bill is the same as the one I introduced and which passed this house. I believe it should commend itself to the favourable judgment of the house, and I propose to support it on the second reading.

Hon. W. EARL ROWE (Dufferin-Simcoe): Mr. Speaker, undoubtedly the bill which is now before the house deals with one of the most important national issues that have come before parliament this year, an issue which, in the words of the right hon. Prime Minister (Mr. Mackenzie King) may be more important than perhaps any other matter that may come forward this session. Before dealing with the bill, however, I feel that I should reply to

the reference to myself made by the Prime Minister in his remarks this afternoon. With all due respect to the press, which seldom makes a mistake, I wish to make it clear to him, that what I said at Petrolia the other day was not quoted quite exactly, and before I conclude my address I shall repeat just what I said at that time. When the right hon. gentleman suggested that I ran for cover and came to this parliament, it occurred to me that no man should know more about running for cover than he does, because I well recall the days when he had to run to cover from his own county in order to get elected to this house. He ran from Waterloo to Prince Edward Island, from Prince Edward Island to North York, and from North York he went as far as he could, to Prince Albert, in order to get elected to this house.

Mr. GOLDING: He was not leading a party in another house.

Mr. ROWE (Dufferin-Simcoe): No; but I wish to say to my hon. friend that I sat in this house when the right hon. Prime Minister had no seat here, and was still leading his party. May I say also to my hon. friend that I have been elected more often for my riding than he has been elected for his. I might also say that had I run for cover I would probably be in the legislature at the present time. But I think those who know my record best know that I have run for cover very little, and since 1925 I have been elected in my own riding more often than any other hon. member in the house has been.

Mr. LAPOINTE (Quebec East): I deny that.

Mr. ROWE (Dufferin-Simcoe): I am excluding such supreme characters as the Minister of Justice (Mr. Lapointe), who has gone back to his electors time after time to be reelected as a minister. Why, he being Minister of Justice and with the great record he has, we would not even have defeated him in our own riding. However, I wish to say that I am not as easily frightened as the right hon. Prime Minister might suggest. I have not been in politics as long as the right hon. gentleman, but I am not at all frightened nor do I run for cover either from either the little premier of Ontario or the great Prime Minister of Canada himself.

The bill that is now before the house deals with an issue which we all recognize as being of great national concern to-day, and one which may be of great international concern to-morrow. Under this new state of affairs, this new parliamentary procedure that is going to be put into force, of course we shall have an opportunity to discuss in more detail the merits and demerits of power export as such when any of these private bills are presented to parliament. Therefore it is not my purpose, to deal with the merits of power export in itself, nor could I do so under the rules of this parliament. I realize that, by the rules of parliament, on the second reading of a bill I am constrained to discuss the merits of the bill itself, and, as the Prime Minister very properly said this afternoon, its broader principles. I hope, however, that before the bill is brought into the house for third reading, hon. members will be able to ascertain more clearly the desires and purposes of the government, so that they may know more definitely whether the bill is carelessly drafted or cleverly devised.

The Prime Minister reviewed the chief feature of the whole issue, namely the surplus power. It was said that this bill is the same as that introduced by the hon. member for Leeds (Mr. Stewart). Why, Mr. Speaker, the word "surplus" is clearly and somewhat cleverly, carefully or carelessly dropped from the clause in relation to the export of power, except in the single instance where it is for temporary or emergency purposes.

I feel, however, that there is one thing more in the bill that is a little less conspicuous than that. That is the way in which the government have evaded their own responsibility in this great national issue. I repeat what the Prime Minister has said, that this is a great national issue, perhaps the most important matter to come before this parliament. As I sat and listened this afternoon to the right hon. gentleman, I could not help thinking that I have never before listened to anyone talk so long about an issue so great and say so little. I compliment the right hon. gentleman upon that art, for he has long since established a record in this regard, but not even his most ardent supporter sitting behind him—

Mr. BRADETTE: Is the hon. member trying to do the same thing?

Mr. ROWE (Dufferin-Simcoe): Not even my hon. friend who has just spoken knows how his right hon. leader is going to vote on this great national issue. This issue is of tremendous national concern; this issue has been growing every year. It enters more and more into our domestic life and into our great industrial life. Surely an issue of such magnitude is worthy of some leadership by the Prime Minister of the day, a Prime Minister with a top-heavy government behind him of 170 members. When have we seen in this house a Prime Minister use a private bill to cover up government responsibility?

I realize that if I said that this was almost the same as using a private bill to deal with tariff matters, someone would immediately say, "Oh, no, that is a different matter." May I remind the house that it might just as well be suggested that the national policy of this country in connection with immigration or any other complicated international problem should be ushered into this house by means of a private bill in order to relieve the government of responsibility. I have never run for cover in that way, but I say to the Prime Minister that so far as this issue is concerned, he ran for cover in major style.

The procedure of parliament and the responsibility of government are involved in this matter. We heard the Prime Minister this afternoon quote from Doctor Beauchesne's book. I think he could have gone to any other set of rules; I think he could have quoted the experiences in the older parliament in Great Britain, and they would all have shown that a private bill, such as these private divorce bills that come before the house, must deal with a person, a corporation, a municipality or a district. Yet we have a matter of national concern, a matter which may in time become of international concern, brought before us in the form of a private bill. I said in Lambton that the Prime Minister perhaps was frightened and was taking refuge behind a private bill rather than saying where he stood. We heard what he said this afternoon to the effect that he had made up his mind in November to bring this issue before parliament; we knew that before this afternoon; but I venture to say that some of his supporters did not know until very recently that this matter was to be brought in dressed up as a private bill. This great government with 170 members behind it—

An hon. MEMBER: Hear, hear.

Mr. ROWE (Dufferin-Simcoe): "Hear, hear," says the brave Minister of National Defence (Mr. Mackenzie).

Mr. CRERAR: He did not say that.

Mr. MACKENZIE (Vancouver): I did not say a word.

Mr. ROWE (Dufferin-Simcoe): The Minister of National Defence, the whip and the Prime Minister sit with 170 members behind them and bring up in parliament, hiding behind the petticoats of a private bill, one of the greatest issues to be brought up this year. It is true that some time ago a similar bill reached second reading in this house; but inasmuch as this bill gives to parliament an authority which has often been exercised by order in council, it also transfers government responsibility to a private bill. I submit that while this may be a gesture toward parliamentary freedom, it is not much of a compliment to responsible government.

An hon. MEMBER: Hear, hear.

An hon. MEMBER: There is one supporter.

Mr. ROWE (Dufferin-Simcoe): My hon. friends think there should be more noise, but may I submit that those who make the most noise sometimes think the least. So far as the principles of this bill are concerned, I submit that the main point is the procedure of parliament. The Prime Minister cannot refer to any other instance where a matter of great national concern has been ushered into this house by a private bill. I believe he is justified in bringing the matter before parliament; but where is government responsibility in connection with this issue?

We have heard repeatedly that this is one of our most outstanding issues. We have heard repeatedly that it is growing in prominence every year. We know now that electricity is brightening the homes in the countryside just as it brightens the homes in the cities. We know it is turning the machines in the farm barns just as it turns the vast machines in our factories. It is a recognized fact on both sides of the border that where you have cheap power, there will population be found. In proof of this all you have to do is to look at the map. Great centres of population will be found in the Niagara district and along the St. Lawrence. This fact has been recognized by both countries. I can well remember being in this house when the so-called Sifton interests brought up a private bill in connection with the Georgian Bay canal. May I remind the house of such eminent citizens as Sir Clifford Sifton referring to the export of power and stating:

> The suggestion that power can be generated on the Canadian side, and exported to the United States, and that thereafter, when it is required in Canada, the company can be ordered to deprive United States customers of the power and deliver it in Canada, is entirely illusory.

There are other instances where outstanding citizens, both in this country and across the border, have expressed the same thought. Some years ago, when there was a surplus of power, the following statement appeared in the 1920 report of the Bankers' Trust Company:

> The water powers of Canada have been thoroughly investigated and are intelligently administered. The combination of cheap power, favourable living conditions for labour and good labour markets, is rapidly transforming

Canada from a country which a few years ago was almost wholly agricultural to one in which the manufacturing interests are of great and growing importance.

Mr. Henry L. Stinson, secretary for war of the United States, stated:

Canada, if we do not take it—

That is, the power.

—will use the entire amount. . .It would result in giving to Canada very possibly a large number of industries, which otherwise would be established on this side of the Niagara falls.

I am not going to weary the house at the present time with statements which, perhaps, have already been placed on Hansard. But I wish to point out, Mr. Speaker, that there are those in your great province of Quebec who in the past have held similar opinions. The late popular Minister of Justice, Hon. Sir Lomer Gouin, said some years ago:

The export of power from Canadian sources to industrial districts in the north eastern section of the United States would place at the disposal of United States industrialists a Canadian raw material from the sale of which the profits to Canada would not be large, but which would be used as an element for cheap production to bring Canadian industries into still further disadvantage in competition with those across the border.

There are others in your province, sir, who have referred to the advantage of retaining power here for the development of our own resources, among them no less than the Hon. Maurice Duplessis himself, who stated in 1933:

Natural resources are a heritage to be preserved for the people of Quebec and not to be sold to the United States for the sake of putting a few cents in the government's pocket.

Once exportation of electricity to the United States is permitted, it will never be possible to halt. It is a complete alienation for the benefit of the stronger.

The Montreal Standard stated in 1930:

The export of power is followed by an exodus of population to the centres supplied by that power.

I do not intend to read all that was said by the greatest hydro-electric power authority Canada has ever known, the late Sir Adam Beck. I shall read merely a couple of short sentences from a long interview which he gave when he was feeling very strongly on this issue. He said:

To export power to the United States would foster and build up industries in the eastern United States at the expense of those in Canada.

Canadian cities and rural communities would be deprived of further low-cost power.

Mr. MACKENZIE KING: What is the date of that? Where was that interview given?

Mr. ROWE (Dufferin-Simcoe): It was given in 1925.

Mr. LAPOINTE (Quebec East): May I inquire from where the hon. member took this quotation of a statement by the present premier of Quebec?

Mr. ROWE (Dufferin-Simcoe): I took it from a press report of a speech delivered by Mr. Duplessis in the legislature of Quebec, when speaking on the Mercier bill, on April 5, 1933.

Mr. VIEN: Is he of the same opinion today?

Mr. ROWE (Dufferin-Simcoe): I have not been talking to him lately.

Those in this country who have had experience of the export of power at different times will recall that the late Right Hon. Sir George Perley, who formerly sat in this place in the house, stated clearly his conclusions on the subject; and may I point out that there is not an hon. member who will say that the late Sir George Perley was not sound and unbiased on most questions. He stated that it was most difficult to recall grants of power and that he was utterly opposed to its export. I shall not read from his somewhat lengthy statement, excepting this passage:

As a matter of fact, we learned from sad experience that when we gave authority to export power we could not stop its exportation when we wanted to. It so happens that I was one who had a great deal to do with the granting almost the first application for the export of power to the United States. That happened many years ago. We went over the papers very carefully and it was therein stated, as definitely as words could make it, that the export of power could be stopped on proper notice whenever the government of Canada wished to do so, or whenever the power was required in this country. But when it came to the time when we wanted the power, during the war, the United States took the ground that industries in that country had been built up through the use of the power and that it would be an unfriendly act on our part to discontinue the export of it. I take it that from that time forward everybody was pretty well agreed that it was not in the interests of Canada to grant licences for the export of power, even if it was not required by us at that particular time.

There are many other declarations to which I might refer, but I wish only to point out that all through the years both parties in this house have had one fixed policy. Neither party has ever ushered in its policy behind a private bill. The right hon. leader of the opposition (Mr. Bennett) stated some time ago in a speech:

Export licences should not be granted, this being the settled view of the country.

That, Mr. Speaker, is definite policy; that is the responsibility of a party leader. There is more in that one sentence than we listened

to this afternoon in three hours from the Prime Minister so far as policy is concerned. However, the Prime Minister himself a very short time ago, in February, 1929, said:

What I wish to make clear at the moment is that with respect to any projected St. Lawrence development, this parliament may take it as definitely settled and understood between the United States and Canada that power generated on the St. Lawrence and belonging to Canada will not be exported to the United States but will be used for the development of our industries and our natural resources.

Surely nothing can be plainer so far as the house is concerned than that both parties have had settled views and definite policies with reference to the export of power.

Let me cite one other authority, Sir Henry Drayton, who was power commissioner during the great war. What were his experiences? The difficulties experienced during those years made both parties more steadfast in their opposition. Sir Henry Drayton said:

The first question that was taken up—

In 1917.

—was the release of power exported by Canada into the United States. It was found that it was entirely impossible to have any of this power released owing to war conditions.

He stated in this house in 1923:

It is perfectly clear that not only the government can but should see to it that no further licences are granted for the export of electric power.

There is no doubt as to where our parties have stood in the past and as to where their policies have led. I realize that this government had a policy in the past. Three times it has declared its policy. The Prime Minister stated, this afternoon, once when parliament was sitting they refused to grant an export licence, twice when parliament was not sitting they did the same thing. Three times during the last year the present government has had courage enough to say no, to follow what had been the fixed policy of both parties. If I were as desirous of running for cover as the Prime Minister intimated this afternoon that I was, would I be as strong for this policy of preserving our own resources in our own country at this time? I know what will be said in Ontario about cheaper hydro rates; but I contend that we should have a strong policy on a large issue such as this, and I say definitely—I say this in advance to those who may think I would run to cover on this issue—that I am opposed to the export of power, because I know that power, if exported, will develop cities in a country not our own. It is the thin end of the wedge. But why this change of heart at this time? The Prime Minister will say that there is no change of heart, but at any rate there is a change of front. The present government refused three times during the past year, once when parliament was in session and twice in the recess, to do what it now seeks to do. If it was government policy to refuse then when parliament was not sitting, why is it government fear now? Why ask a private member to introduce a bill? Why did the right hon. gentleman speak for three hours this afternoon and as the man who is chiefly responsible refuse to tell the house where he stands? Will he tell us now whether he would vote for export or not?

Mr. GRAY: Is the hon. member opposed to this?

Mr. ROWE (Dufferin-Simcoe): Perhaps I was unfair when I said that the Prime Minister was frightened; perhaps that was not the word I should have used. I have never seen him frightened.

An hon. MEMBER: What is there to prevent a national issue being brought into the house?

Mr. ROWE (Dufferin-Simcoe): I grant at once that this is the right place in which to bring up national issues, but I say that the government should assume the responsibility for such issues.

Mr. GRAY: Is the hon. member opposed to the bill?

Mr. ROWE (Dufferin-Simcoe): I am opposed to the evasion of governmental responsibility as evidenced by this bill. I quite agree that a matter of this sort should be brought before parliament.

Some hon. MEMBERS: Hear, hear.

Mr. ROWE (Dufferin-Simcoe): I quite agree with that; but there is a vast difference between an issue such as we have before us being introduced by the government and it being brought forward in the form of a private bill. Such a procedure would not be allowed in the British House of Commons and it should not be allowed here.

Some hon. MEMBERS: Oh, oh.

Mr. ROWE (Dufferin-Simcoe): My hon. friends laugh.

An hon. MEMBER: Yes.

Mr. ROWE (Dufferin-Simcoe): And Canada will laugh. The Prime Minister himself indicated this afternoon the reason why an issue of this sort should be sponsored by the government when he pointed out the difference between a private bill, which concerns the welfare of private persons or corporations, and an issue such as this, which is of great

concern to the country at large. It affects not only the homes of private citizens but great national enterprises, not only one district or the economy of one province, but the development of a country. This is a national issue just as much as is the fiscal policy of the country; it is as much a national issue as is immigration. I wonder what is becoming of parliamentary procedure and the authority of parliament if a government with 170 members behind it cannot assume responsibility where a national issue is concerned but takes shelter behind a private bill.

An hon. MEMBER: One hundred and seventy-nine members.

Mr. ROWE (Dufferin-Simcoe): I beg your pardon—one hundred and seventy-nine. I am sorry that the Prime Minister's feelings were hurt by my saying he was frightened. During the last thirteen or fourteen years I have seen him in difficult situations in the house and have never seen him unduly frightened, and I must compliment him on his level-headed approach. But I can tell him that I, too, have been in difficult places. I just wonder whether he had more reason to be frightened than he told the house this afternoon; for it will be recalled the premier of Ontario some time ago made reference to the attitude of the government at Ottawa and, according to the Windsor Daily Star of December 17, he was reported as follows:

> The federal government's opposition to export of power application is due wholly to pressure being brought to bear on Ottawa by Washington to force Ontario's and Quebec's hands on the development of the St. Lawrence deep waterways.

He stated further in the same interview:

> Mr. King, in referring the matter to parliament, is again taking the line of least resistance.

He then said that he would make public Ottawa's attitude in respect to hydro's back-to-Niagara policy.

Mr. FRASER: It put you back in this house.

Mr. ROWE (Dufferin-Simcoe): Let me tell the hon. member for Northumberland (Mr. Fraser) that what Mr. Hepburn should have said was that he had his back to Niagara and his face to Montreal, and my hon. friend co-operated with him in the greatest betrayal of public confidence the province has ever known.

Mr. FRASER: It still helped to put you back into this house.

Mr. ROWE (Dufferin-Simcoe): I do not need any help from my hon. friend. More than that, I stand here to-night with as much right as the hon. gentleman, and I have been endorsed by my own ridng as often as he has been in his—yes, and as someone says, with less expenditure. But if I had been artful in running for cover I could have found a seat in Ontario. I preferred, however, not to desert my own riding.

I would not refer to these matters but for the fact that the Prime Minister this afternoon seemed to suggest that his wild, reckless, ill-founded statements frightened me. An array of cabinet ministers went through Ontario to help the new premier—

An hon. MEMBER: The old premier; he is still premier.

Mr. ROWE (Dufferin-Simcoe): The premier of that province is further reported as follows:

> Furthermore, when visiting President Roosevelt last spring, Mr. King stopped en route and spent an hour in my office in futile effort to persuade me to accede to the request of Mr. Roosevelt on the St. Lawrence waterways.
>
> He said that if I did not, Mr. Roosevelt might retaliate in the matter of trade barriers.

Mr. MACKENZIE KING: Will my hon. friend now read what I said in reply to that particular statement.

Mr. ROWE (Dufferin-Simcoe): The Prime Minister took up three hours this afternoon and he should have put it on the record. He cannot expect me to finish his speech for him.

Mr. MACKENZIE KING: My hon. friend says I took three hours. He forgets that half an hour was taken up by one of his own friends on a question of privilege. I did not begin speaking until half-past three.

Mr. ROWE (Dufferin-Simcoe): Half an hour is not much to the Prime Minister, as I have heard the right hon. gentleman speak for four hours and not say any more than he said this afternoon. The premier of Ontario, on reading, in Mr. Lyon's summary of the matter, the sentence, "Mr. King expressed no opinion himself," stated that this was characteristic of the right hon. gentleman:

> That's why we couldn't go back to Niagara, he explained.

He did not say that was why he went to Montreal. He said:

> Mr. King is taking made-in-Washington policies and trying to force them on Ontario. Mr. King has never been friendly to Ontario, as I happen to know as member of the House of Commons. I was there when he made his "Never a five cent piece" speech. Mr. King is still licking his wounds suffered in personal defeats in ridings in this province. They have never healed, even though for the first time in his political career, this province sent him a majority in the last federal election.

Mr. MACKENZIE KING: What has that to do with this bill?

Mr. ROWE (Dufferin-Simcoe): Just as much as it had to do with it when the Prime Minister told the house this afternoon that I ran for cover and had to come back to this house. This has to do with this bill—

An hon. MEMBER: That hurt!

Mr. ROWE (Dufferin-Simcoe): No; it did not hurt as much as you think. But these are some of the statements that have caused this change of front; these are some of the statements that prompted the Prime Minister and the government of the day not to continue with their policy to submit the question to parliament but to devise a scheme to evade their responsibilities.

After the long speech we heard this afternoon, where do the government stand to-day? They are afraid to continue to say no, and they seem to be ashamed to say yes. Are they going to give their consent to the export of power or leave it to parliament, this government with 170 of a majority, groping in the dark for someone to lead them on a national issue? There is more fear and uncertainty demonstrated in the government's attitude on this issue than we have seen for a long time. It is all very well to tell the people of Canada that this is to be a democratic exercise of the rights of parliament, but may I point out in conclusion—

Some hon. MEMBERS: Hear, hear.

Mr. ROWE (Dufferin-Simcoe): I take this as a compliment, Mr. Speaker, because some of the hardest boiled politicians across the way do not seem to like it. I shall not embarrass the Prime Minister—

Mr. MACKENZIE KING: Oh, do not worry.

Mr. ROWE (Dufferin-Simcoe): —with any further statement, but I know that these challenges, threats, defiances and insults which have been thrown out by the premier of Ontario have left him somewhat worried. Mr. Hepburn says, "If they want a fight they are going to get a fight." To-day not only is this government embarrassed about what the premier of Ontario has said, but it is afraid of what he is going to say if it does not grant his request, and that is why it hides behind a private bill. He said further, "If the federal government turns down our request, we are going to challenge the validity of their legislation in the courts." And when the Prime Minister knows that the premier of Ontario does not care anything for the decisions of the court, then he is ashamed to say yes and afraid to say no. We have never seen a greater spectacle of irresponsibility in this parliament than we are seeing at the present time. Again I ask and pause for the Prime Minister to tell the house and the country where he stands on this great national issue. Is there anyone within sound of my voice who will say it is not a great national issue? Is it not of as much concern as any other of our great natural resources?

We have watched the pulpwood go down the streams; we have watched the premier of Ontario dig his canals illegally, flout the authority of parliament, ignore the Minister of External Affairs and the Prime Minister's prerogative. We have watched him negotiate with another country in his letter to congress; we have watched him defy this parliament. We see him worried about the St. Lawrence waterway for fear it will take some freight from the railways, but he digs a canal in northern Ontario illegally to float down the river logs that were formerly carried by the railways. That is the reason we see in this country 20,000 more men employed in primary industries than in 1929 but 80,000 less employed in industrial activities. Why? Because of that same laissez-faire attitude which will allow cattle to be sent out of this country on foot and allow to be imported 60,000 in cans manufactured in another country; just as they send out of this country raw pulpwood and bring back seven or eight hundred thousand or a million more magazines than were coming in when they came into power; magazines teaching our children a culture, patriotism and loyalty that are not our own, teaching them a pride that is not a Canadian pride. These magazines are printed on paper made from raw logs cut in this country, floated down the streams, robbing our railroads of revenue.

This is the thin end of the wedge, and I ask the Prime Minister to-night, now that he has reviewed the history and position of this important question, this great national issue, What is his position? Why does he not state it? Is it because he is afraid of the greatest lobby that has ever been seen in this parliament? Is it because he is afraid of the same private power interests, of Beauharnois, that threatened him when he made the statement here that he would never be in favour of power going out of this country? At that time we had more power than we knew what to do with, but when the private bill comes before parliament I shall endeavour to show that there is no surplus in Ontario for export and that there will be a shortage before 1941. I ask hon. members to read Doctor Hogg's speech and they will see that before 1942 we

shall be short of power in Ontario. This is day to day politics. Why do the government hesitate on this great national issue? Is it because they are afraid of the private interests, of Beauharnois, or is it because they are afraid of what the premier of Ontario has said or of what he is going to say, afraid of his threats, afraid of his challenges, afraid of his defiances?

Mr. Speaker, I urge the Prime Minister to-day, before this bill goes through this chamber, to tell the house and tell the country where he stands on this issue. Where does he stand on an issue that concerns the development of a great country, an issue that may be not only of concern to this country to-day but of international concern to two great countries in the future? It affects your province, it affects my province; it affects your country and my country. All you need do is to look at the aluminum plant; I am not sure what riding Arvida is in, but there is not an hon. member from the province of Quebec but can see that this is the thin end of the wedge, the development of power to be sent across the line. True it will give some employment to our men here in building the plant, but it will give many times as much employment across the line. It has been estimated that power used will give eight times more employment than power developed. I believe in developing power to give eight times the employment here rather than in foreign countries.

Hon. H. H. STEVENS (Kootenay East): Ever since I have been a member of this house I have taken a very great interest in the question of the export of hydro-electric power. This afternoon the Prime Minister (Mr. Mackenzie King), in his exhaustive sketch of the history of this question of the export of power and legislation controlling it, referred to the Carillon incident. I recall it very well. In my recollection, however, we were confronted with a contract already entered into, followed by an order in council authorizing the export of that power. It covered 400,000 horsepower, although there was only 200,000 horsepower available in that particular place. Some of us brought the matter to the attention of parliament, with the result that there was an exhaustive discussion, portions of which were quoted this afternoon by the Prime Minister (Mr. Mackenzie King). At that time, some thirteen years ago, it was a startling illustration of how careful we ought to be in all matters pertaining to the export of power; and I think as a result of the discussion in parliament in that year, and in regard to that particular incident, parliament or this House of Commons ultimately took the stand to which the Prime Minister referred, which was crystallized in a bill in 1928, which bill was accepted by the House of Commons although it did not finally pass parliament.

While the right hon. Prime Minister was talking, I was puzzled to know what he was driving at. I listened to him with great care. I was waiting patiently for some explanation of the bill itself, because after all we are on the second reading of a bill, which means approval of the principle of the bill. The principle involved is not the export of power; it is the method of export, the regulations or legislation which will control that export. On that subject, unless I am very much mistaken, the Prime Minister was singularly silent.

Mr. MACKENZIE KING: Oh, no.

Mr. STEVENS: Just a moment. The right hon. gentleman spent over two hours in a historical review, excellent in form and no doubt very useful; but I was puzzled to know what the Prime Minister was driving at, and I must confess that to this very moment I am at a loss to know what it was all about. But I propose to bring to the attention of the house what I gather to be the principle of this bill, and I want to warn the house at this stage of my remarks that this parliament owes it to Canada to scrutinize carefully the principle involved in this bill before giving it second reading to-night.

From some remarks made by speakers who followed the Prime Minister I gathered that the supposition is that the principle is the bringing into parliament of something that hitherto has been dealt with by order in council, and it has been intimated by one of the speakers, not supporting the government, that he intends to support the bill. That of course is his privilege, but I cannot justify my conscience or my record in this house in connection with the export of power in supporting the principle which is involved in this bill, and I shall explain why.

Under the old legislation power was exportable under certain conditions. I am not going to read the act; it is here; but if I seem to misstate it I shall be glad to be corrected. These conditions may be briefly summarized as follows: First, it was exported under licence granted by the governor in council. Second, such licence was revocable. I ask hon. members to bear that very carefully in mind. Third, it was not obligatory but it could be limited to surplus power. That authority was granted in the act; in fact it was indicated in the act. Fourth, prices at

which power could be exported were subject to control by regulation by the governor in council. Virtually all of these restrictions as they apply to power are abandoned in this legislation. If my hon. friends will follow me I shall indicate just how that is brought about in the legislation itself. I hold in my hand Bill No. 21. I have also the old act, which is cited on the opposite pages of the bill. It will be observed that there are two main sections dealt with. There are one or two other sections of less importance, but sections 3 and 4 of the bill are the two main ones. Those two sections replace sections 5 and 6 of the old act. We find that section 5 of the act in force at present provides:

> No person shall export any power or fluid without a licence, or any power or fluid in excess of the quantity permitted by his licence, or otherwise than as permitted by such licence.

The same provision applies to the construction of pipe lines and so on. That clause is repealed. The section which is to replace it deals solely with fluids, that is, gas, oil, or substances of that kind; it does not deal with power at all. I am not quarrelling with that clause, but I want to indicate this: The section which is put in this new bill, dealing with the export of fluids, contains this provision:

> Such licence shall be revocable upon such notice to the licencee as the governor in council deems reasonable in each case.

It also provides that no person shall export any fluid in excess of the quantity permitted by his licence or otherwise than in accordance with the terms of his licence. But if you turn to the next section, which separates power from fluid, then you find that the export of power is permitted, as far as the bill is concerned, without the restrictions that are applicable to fluids. I am quite aware that the Prime Minister or the government may answer that this will be covered in the private bill. In my opinion, Mr. Speaker, that introduces one of the main objections to this bill, because in section 4, which is to replace section 6 of the old act, there is no provision such as is contained in the old act with regard to the revocability of the licence, the control of prices, the limitation to the surplus or the other provisions to which I have referred. This new section provides:

> Except as otherwise provided in this act no person shall export any power unless expressly authorized to do so by a private act of parliament, or otherwise than in accordance with the terms and conditions contained in such private act.

This is not entirely new legislation; I grant that. For instance, we do permit private corporations to come to parliament with private bills for the incorporation of loan and insurance companies. There is the Bank Act, which provides for the incorporation of a bank, and there are some other general statutes. But there is this marked distinction between these standard acts and this bill. It is this: In each of those statutes the main principles under which such private corporation can operate are set forth. The private act must be a model bill in conformity with the statute. The only variation from that ever permitted under any of these general acts is something peculiar to the company making application, such as the amount of capital, the number of directors, or matters of that kind. But the principles affecting the public interest are set forth in the statute itself which governs the incorporation of the private company.

That is where this legislation is at distinct variance with all other public statutes of this type. The Prime Minister may say, or it may be said that we shall deal with that when we come to committee; but I submit to the house that this is a vital deviation from principles of legislation, not only well recognized in parliament, but accepted throughout the country at large. And so in this particular section we find that the export of power, as distinct, mark you, from the export of fluids such as gasoline and oil—these are linked together under the old statute—is here left entirely to the whimsies of a parliament which at some future time, or at any time, shall deal with some private bill.

In other words, Mr. Speaker, those of us who have been here for some years know—and I refer back to the Carillon incident, which is one of the most notorious of my experience in parliament—of the sort of lobbying which can be put up in support of a private bill. Who is there who, before the Railway Act of this country was brought to its present form, and we stopped what was known in the old days as free trade in railways, does not recall the lobbies that used to frequent this house and the railway committee every time a private bill was up? Who is there who does not recall private lobbies supporting private bills of the type we are entering upon here?

This is a retrograde step. We are going backward. We came past this sort of thing years ago. We have learned from bitter experience that it was infinitely better to establish in a public statute what the conditions shall be in a matter of public interest, such as the present one, rather than leave the matter to the haphazard decision of the moment, in connection with a private bill.

So for that reason I am absolutely opposed to this bill in its present form. In saying that, let me say this to the Prime Minister: When I say I am opposed to the bill in this form, it must not be said—I will not permit it to be said—that I am opposed to bringing before parliament an application for the export of power. Not at all; I am entirely in favour of that. But I am opposed to permitting any powerful corporation to come before parliament with a private bill, when we have no knowledge of what exists by way of contracts, and so on, and to lobby a private bill in connection with the export of power.

May I ask the Prime Minister this question: Is the government aware of applications pending the passing of this bill? Would the Prime Minister and government take the house fully into its confidence and tell us exactly why the government's policy, as outlined this afternoon by the Prime Minister at such great length, was changed in December or January to the form we have it in this bill? Because certainly if I followed the English language as he used it this afternoon, that policy did not appear in two hours and a quarter of his speech, and in the last quarter hour I found it difficult to understand just where he stood. My right hon. friend gave arguments this way and arguments that way; but he was extremely careful to say that he was simply putting forward what other people had said. I did not hear a single syllable from him which indicated exactly where he stood in the matter, and it was a little disconcerting to those of us who are in favour, just as much as he is, of parliamentary control, to find him in that position.

Now, I go farther than that. The measure before us, as the preceding speaker has said, removes from parliament the control of this type of business, namely the export of power, and places it partly in the hands of the private company which is able to get through parliament a bill which suits itself, and partly in the hands of provincial authorities.

Here again I speak from considerable experience. I call to witness any member who has been in the house for some years: How often have we found it that when the practice has grown up of referring something to the attorney general of a province, or to the provincial government, when such consent or approval is stated it becomes obligatory upon the federal government to carry through whatever that measure involves. Let us consider, for instance, the granting of licences to breweries. That is peculiarly a federal matter; but, as a matter of courtesy for several years it has been the custom to refer the matter to the attorney general of a province. If an attorney general of a province approves an application, it is a rare thing for the federal government to refuse it. I grant you that it may be done; it may be stated that in theory it can be done. But I am speaking about our experience in this sort of practice.

I submit again that in connection with such a vitally important matter as the export of power, we ought not to leave the matter in the form in which it appears in section 4 of the bill. That section effectively and actually removes from this parliament control over the export of power, and places it in the hands of a provincial government. My right hon. friend knows perfectly well that in any instance where there is a question of doubt as to the wisdom of granting such licence the responsibility will be handed to the attorney general, or whatever provincial authority may be in charge, whereas the decision ought to be made right here.

Let me say to the government that I am quite aware how difficult it is to deal with the export of power, because for some years I happened to be at the head of a department which had to do with the matter. A number of applications came before me from time to time while I held that position. It is a matter of grave concern to any minister in charge of the administration of the act to make these decisions.

For instance, I remember a reference to the question of emergency power, for which there is provision in this bill. A large paper mill in Minnesota, just south of the Canadian border at the lake of the Woods, was burned down, and an application was made for an emergency export of a certain number of horsepower. The application was granted. The term of exportation, according to the application, was to be for the period during which the old plant was being restored or reconstructed. But before we did anything we had to send a couple of experts to the point in question to study the whole situation carefully, for fear that we were being jockeyed into the position of granting an export licence which at a later time we might find it difficult to revoke.

The question of revocation is one of the most difficult confronting the country, whether it be in connection with power or any other commodity. You can argue the theory of the thing all you like; but the government and the Prime Minister above all know that once these licences are granted, once power is exported, once industries are established and, as in many cases, once the sanitary organizations of towns and cities have been built up to depend upon this electric power, it is impossible or close to impossible to revoke

such licences. Every one who has had anything to do with these matters knows that perfectly well. We have no right to delude ourselves in this manner. It is no light question. As the hon. member for Leeds (Mr. Stewart) said an hour or so ago, we are extremely anxious to keep on the best of relations with the United States. Of course we are. I never go abroad without reflecting with pride upon how long these two great countries have maintained a condition of absolute friendship. But if we want to jeopardize that friendship, then let us get careless with matters of this kind. It is not that we are so unfriendly to them that we would refuse them, not at all, but we must be careful.

If we are going to export power; if we are going to part with our power, then let us come out and say so. Let us say we are going to export 200,000, 300,000 or 500,000 horsepower. Let us determine that we are going to do it as a permanent policy, because that is what it amounts to. The aluminium company made application a few months ago for permission to export power to the state of New York for the establishment of an aluminium plant in that state. Does it not stand to reason that if that export licence is granted and an industry established, we could not attempt to revoke the licence in three, four or five years. This is one industry which perhaps more than any other is dependent upon electrical power. No wonder the jurist in advising that municipality in the United States, as referred to in the order in council quoted a moment ago, stated that while it was an annual licence, to put it in the vernacular of the street, it did not amount to anything. To talk about these licences being annual is sheer nonsense. These are just like the licences granted by a municipality. As long as the people who get the licence behave decently, the licence is as good for a dozen years as it is for one. Hotels and other institutions are financed on the strength of licences, and they know that within the ambit of good behaviour their licences are secure. It is a matter of practice and custom accepted in every civilized country in the world, and particularly in this country. If a licence for the export of power is granted and a great industry is built up in the United States as a result, there is virtually an assurance of perpetuity. If we think otherwise or do otherwise, we are deluding ourselves.

Furthermore, it has been pointed out in connection with the great lakes diversion at Chicago that there is nothing more difficult than to remedy or correct or reverse an action between two friendly countries like the United States and Canada. If it was the case of a great country with a little country alongside and we were ready to ignore that country ruthlessly, it would be different. But that is not our way of doing business; that is not the Prime Minister's way of doing business, and it is not the way any government that represents the people of this country would do business. They are bound to give every consideration to the requirements of those who have entered into such an arrangement as a result of our action.

My second objection is that we are surrendering our control of the situation. This private bill comes before parliament carrying with it a copy of an order of the lieutenant governor in council of the province from which the power is proposed to be exported declaring that the said power is not required for other use in that province. If we approve that clause we are saying virtually to any outfit that comes before us with a private bill containing the imprimatur of approval of the province upon it, that such private bill will be accepted. I know and other hon. members know that we shall not be able to resist it. We may think that we shall, but we shall not and we do not, as a matter of fact. I can recall in the past how just such arguments have been presented before various committees of this house, and the bill has carried virtually every time where the matters covered therein were of a consistent nature.

Section 5 refers to temporary licences and deals with the question of emergency. I should like to read part of that section as follows:

> . . . in the event of conditions arising which are deemed to constitute a temporary international emergency, may, upon such terms and conditions as he sees fit, grant temporary licences for the exportation of power . . .

The argument which I now propose to make may be drawn a little fine, but in my opinion it is important. In connection with emergency exports we say in the bill, "upon such terms and conditions as he sees fit, grant temporary licences for the exportation of power." We attach the question of temporary to emergency. This offers another argument in support of what I have said already, that where a licence is granted under ordinary circumstances it is not looked upon as being temporary. That may seem to be drawn a little fine, but I know how difficult it is to carry through the administration of these matters. I warn the Prime Minister that the very statute will be cited in support of the permanence of licences other than those granted under section 5.

These are some of the reasons why I am opposed to this bill in its present form, but I should like to make one or two further general observations. The Prime Minister cited the arguments pro and con excellently, and he covered the question of the encouragement of the establishing of industries elsewhere to the damage of industry in Canada. Let us explore that argument for a moment from this standpoint. In the first place hydro-electric energy is not a commodity. We speak about exporting it as if it were something we had in abundance that we could ship out of the country in order to make money. Electrical energy is an instrument of production, just like a machine; it is part of a machine. We in Canada are in the peculiarly happy position, almost unique among the countries of the world, of having tremendous undeveloped hydro-electric power. If we administer that great resource properly, our policy will be formulated to bring everything possible to the energy instead of sending the energy elsewhere to create industry in another place. That consideration is of immense significance.

Only a few weeks ago I was talking with a prominent Canadian industrialist who has a plant also in England and does business in that country, Australia, South Africa and elsewhere. As a successful and efficient industrialist he can speak with authority, and he told me that he did not think, having in mind modern inventions and the advances of science, there was a country in the world so advantageously situated as is Canada in connection with modern industrial development. I believe he is right. He said further, "I do not need to go to other countries to produce cheaply." In one or two instances he manufactures in other countries because of tariffs; but to-day he is shipping his goods from Canada, in spite of the higher payroll here than elsewhere, into a number of countries and paying as much as one hundred per cent duty to get into those markets, and is doing so successfully. Why? The answer is, hydro-electric power in Ontario. And that power is not limited to Ontario; one thinks at once of the great province of Quebec; but there is also the west, which we sometimes regard as merely a land for growing wheat, although, as hon. members know very well, in the great rivers of the west and in the northern sections we have some of the most magnificent water powers that can be found anywhere. What we should be doing, instead of wondering how we can get around the distasteful task of refusing to export power and hand it over to outside interests, is to bend our efforts to find ways of utilizing more and more this great natural resource which we possess from one end of the country to the other.

My hon. friend the Minister of Mines (Mr. Crerar) recently gave a number of addresses on the mining industry of Canada. They were excellent; I congratulate him. But let him; let us; let the government; let parliament study how we can develop the electrical production of this country to supply the lowest cost power possible to our great mining industry. Let us follow the suggestion of the hon. member for Dufferin-Simcoe (Mr. Rowe) with regard to the farms of Ontario; I say this with absolute sincerity. In old Ontario and the older sections of Quebec there is not a farm which should not be in possession of electric power at the lowest possible cost to relieve the drudgery and give the families of the farmers there some taste of what modern science can do to lift the burdens peculiar to older farming conditions. There is no reason why this should not be done; it is done in Sweden and in other countries which possess no more power than we have, but which use it for the happiness of the people. There is ample scope for the development and marketing of power. The Prime Minister referred this afternoon to the statement of one of these companies which applied. I did not like the statement. They said, "If you do not grant this licence to export power, the people of Montreal cannot have a lower rate for their electrical energy."

Mr. MACKENZIE KING: They did not say just that.

Mr. STEVENS: They did not put it in just that crude way.

Mr. MACKENZIE KING: They said that if the application were granted, the users would get cheaper power.

Mr. STEVENS: That is true; but sometimes, if we put these statements in, let us say, the vernacular they are more clearly understood. Let that company lower its rate and see how rapidly the use of its power will increase; probably they will find that any surplus they have will be rapidly taken up, so that the people of Montreal will have the advantage of the lower rates, the company will have the revenue, and the country will retain the power within the province. That is the answer I would give them.

Let parliament study how we can increase the use of electrical energy. That is real business. Look at what has been done in Ontario by the Hydro-Electric commission. I am not concerned in the squabbles and

quarrels about this, that and the other thing relating to the Hydro-Electric commission. I have driven through Ontario and seen what hydro-electric energy, administered by the commission, has done for Ontario within the scope of my own memory. I can remember very well, when I was a boy, the first street lights that were installed. The town I lived in was lit with gas, and I recall the time when electric lights were put in. From that day to this the history of hydro-electric development in Ontario is one story of continued progress and good administration, on the whole, with, no doubt, some mistakes. Let us see if we cannot do something for the back country of these great provinces—the villages of northern Ontario, where certainly they have hard enough times, and the villages of northern Quebec. Reflect also upon the difficulties that have to be faced on the prairies. Let us consider how we can get this hydro-electric energy to the people of this country; let parliament bend its energies and its brains to constructive effort rather than to the evasion of responsibility. The Prime Minister will, I hope, take it kindly from me when I say, with great earnestness, that in this section 4 he is evading responsibility, and he is failing to include in the bill the safeguards which from the very inception of legislation on this subject, from the time of the earliest act, a copy of which I hold in my hand, have been provided—safeguards as to prices, the question of surplus, of revocability, and so on. At the least, let these things be put in the bill; let it provide some protection.

I am opposed to the principle of this bill because in my opinion it does violence to the prerogatives of the federal house. It aggravates the differences of opinion at present existing between the provinces and the dominion. It will be recalled that much of the trouble in the last few years regarding trade and commerce is due to the fact that the federal authorities do not occupy the field of control of local trade, although they are empowered to do so. We have surrendered powers here and there to the provinces, and then we wonder why after a time they claim these powers as a right. This bill is just adding one more aggravation to the problems which already exist in that respect.

I therefore shall oppose the bill—not that I am opposed to bringing to parliament the matter of the control of the export of electrical energy, but because I believe this is a retrograde move and inimical to the best interests of the people of this country.

[Mr. Stevens.]

Mr. A. A. HEAPS (Winnipeg North): I am sure the house will have been very much interested in the statements that have just been made by the hon. member for Kootenay East (Mr. Stevens). However, I do not wish to pursue the line which both of the previous speakers have followed in discussing the question of whether it is wise or unwise to export power. I do not believe that, so far as this particular bill is concerned, that is the issue. When such a bill comes before the house, the position that my colleagues and I will take will be taken without hesitation.

If I understood the remarks of the Prime Minister (Mr. Mackenzie King) this afternoon, the purpose of the bill is to give to parliament the right to decide whether power shall be exported or not. From the statements made by the Prime Minister it appears that the government had three choices in mind. First of all, there was a question whether there should be appointed a public utility commission to decide upon matters of this sort. Personally I am much opposed to any such matter being decided by such a commission. Then they had under consideration the question whether the matter should be referred to the railway commission. I am also opposed to a matter of this kind being referred to the railway commission. The railway commission is a rate-fixing body, and in my opinion it could not give a more intelligent answer to questions of this kind than parliament can. I have a greater objection, however, to both of these suggestions. I have always objected to the delegation to others of powers that should be exercised by parliament. In a matter of this sort parliament is the body which should decide whether power should be exported or not.

If, as stated by the Prime Minister this afternoon, the main purpose of the present bill is to give the house an opportunity, under the auspices of a private bill, to state whether it is in favour of the export of power, then I am in favour of a bill of that kind. Far too long have I claimed that too much power has been vested in the cabinet or the governor in council or through the medium of administration by order in council, and I am pleased that the government, even at this late date, for the reasons stated by the Prime Minister and probably for other reasons, has seen fit to bring in a measure of this sort. Now that the government has extended, so to speak, the sphere of activity of this house and its right to determine certain matters which previously have been determined by

order in council, I trust that this principle will be further applied to other matters which at the present time come almost exclusively under the jurisdiction of the governor in council.

For these reasons I am going to vote for the second reading of the bill. I shall do so, however, with the proviso that some of the matters raised here to-day will be gone into in greater detail when the bill is before the committee, because I believe, with the hon. member who preceded me (Mr. Stevens), that there are certain ambiguities in the bill itself. But I hope that they will be cleared up satisfactorily before the bill is given its third reading.

Right Hon. R. B. BENNETT (Leader of the Opposition): The government is to be congratulated upon having accepted the principle which this house unanimously adopted some years ago. It is obvious that when the house unanimously accepted the measure which was proposed by the hon. member for Leeds (Mr. Stewart), it had in mind that parliament rather than the governor in council should deal with this question, and in furtherance of that principle this measure is submitted to the house. I differ entirely, however, as to the method to be pursued for the purpose of giving effect to the principle which is being adopted.

The hon. member for Kootenay East (Mr. Stevens) contended that the bill did not contain reference to the conditions. Of course, he is entirely in error in that, because it provides that the private bill shall contain the conditions and terms under which the licence shall be granted. That is exactly the provision which exists to-day; only to-day the terms and conditions are settled by the governor in council and not by a private bill. In one case the parliament of Canada will deal with it; in the other the executive deal with it under the full authority entrusted to them under delegation of powers from this parliament. To attain the end which the Prime Minister had in mind, it was only necessary to provide that there should be an amendment or addition to the existing statute. That is all. It was not necessary to go further than merely to continue the existing legislation and add to it an amending provision, that any licence granted under the provisions of this act should not become effective until approved by parliament. This would mean that a bill would be introduced into parliament ratifying and confirming the granted powers contained in the licence. It would then pass this house and the senate and be assented to by the crown.

That, I submit, would be the proper method of dealing with the matter. It would involve, of course, what was intended, that the question of policy should be settled by the government of the day; for there is no possible way of avoiding or evading what it does appear to me must be taken for granted, namely, that any question which affects export is a matter of policy on the part of the dominion government and of this parliament. This government has at all times to command the support of a majority of the members, and a question of policy must be always determined by the government and submitted to the house for its consideration. When you are dealing with a question of export you are dealing with a matter of policy over which this dominion alone has jurisdiction. It is not a question of what might be thought by the province; it is a question of the central power, the Dominion of Canada, the entity called Canada having control over export. And that central power having that control over export, that power must be exercised, not having regard to the peculiar interests of a little community or locality, but from the point of view of the national good, the broad general outlook of what most affects the Dominion of Canada, and of all that concerns its well-being and the prosperity of its people. That is the question which must be settled; it is not a matter of what may be thought by this or that interest.

I say that because it appears to me perfectly clear that, having approved the general principle, as this house has done, parliament should determine the question of the issuing of licences for the export of power from this country; and that power should be exercised by a very simple method, namely, by providing that any licence issued should become effective only when approved by parliament. That is not an unusual procedure. In the United States certain appointments are subject to ratification by the senate, and in various other countries there must be approval by parliament.

Now there arises another question, a question of a private act. It seems to me intolerable that it should be thought that in this free parliament a corporation, a group of individuals or a community should be able to lobby parliament into the granting of licences. It seems to me monstrous that such a suggestion should even be made. I wonder if hon. members have given due consideration and thought to the principle involved in that part of the bill. Any bill by means of which parliament is to be asked to deal with this important matter

should be a government measure, introduced by the government of this country, reflecting the policy of that government on a great public issue, and showing to the constituencies and the people of Canada the view the government hold. But the government is now going to leave it to a private member to bring in a bill and call it a private bill.

Never before in all our history has such a public measure been submitted to parliament in this manner. The Prime Minister this afternoon said it may well be the most important measure submitted to this parliament during the present session. That is to emanate from the hands of a private member as a private bill. Did anyone ever hear of such a monstrous proposition as that the terms of a licence, the conditions under which we are to part with a part of the assets of this country, its very life-blood, are to be in the hands of a private member who introduces a private bill and inserts the terms and conditions and provisions under which we are to permit the export of a part of the Dominion of Canada to another country? Permit it! The terms and conditions are not being settled by the government of the day; they divest themselves of all responsibility. They entirely forget the public interest and say that a private member is to introduce a bill into this house and in that bill are to be fixed the terms and conditions under which that licence is to be granted. Has anyone ever heard of such a proposition in all the history of this parliament?

We have railways created by statute; we have banks created by statute; but does anyone for a single moment ever think that they are created unless the terms and provisions and restrictions are fixed in the general enabling statute? That is known by all. Did anyone ever hear to the contrary? Take a trust company; let an hon. member in this house seek to incorporate a trust company. He rises in his place as a private member; his petition is presented; the advertising takes place and then the bill is introduced. But what is the form of the bill? Does it contain terms and conditions and provisoes fixed by him? Not so; it is in conformity with the general principles which the enabling act of this parliament has settled. And it is the same with respect to railways. We have a Railway Act; is it silent with respect to the conditions, or does it prescribe the terms and conditions? What is the private act? The private act only gives life and vitality to a group of men under a corporate name, but the provisions of the Railway Act apply.

[Mr. Bennett.]

Suppose you desire to incorporate a bank; you come to this parliament. Do you think that a private member's bill which undertook to name the terms and conditions under which that bank could do business would be considered for a single moment? Not so. What would happen is known to every man. You have the individuals, the provision as to the capital; you give them a local habitation and a name, and then the provisions of the Bank Act apply, not the terms and conditions settled by the private act, but the provisions of the enabling statute, the Bank Act of Canada.

Because in days gone by we have given unanimous approval, and properly so, to the principle of this parliament retaining and exercising jurisdiction over the grant of licences, to-night we are told that the terms and conditions are to be settled by the private act. Each private act will, I suppose, from necessity have some changes, because it may be in one province or another. There is export of power, for instance, from British Columbia, or Quebec, or Ontario. It might well be that there would be some slight modification in respect to that. But who would think that in the private bill the terms and conditions would be fixed? Nevertheless that is what we are asked to do. The general principle of the bill being as it is, it follows that we should deal with that phase of it on the assumption that parliament is prepared to give a grant to vindicate its past performance in that regard, maintaining our right of control with respect to the matter. But surely when this bill reaches committee it never should leave it until there is added to it the terms and conditions under which a licence is to issue. Never should it be otherwise. That exhausts what I have to say about the broad and general principle.

But there are other matters that will have to be seriously considered and discussed when the private bill comes before parliament. I confess, Mr. Speaker, that I find it almost incredible that anyone, having regard for our institutions, would suggest that a matter so vital to the life of Canada as the export of power should be left to the caprice of an unguided and leaderless free House of Commons, lobbied as we have seen these lobbies in days gone by. Happily they have disappeared. But once more they are to be resumed; once more each case is to stand or fall upon the ability of the gentleman in charge of it to induce his friends to vote for it. Once more we have introduced into this Commons House of Parliament the old story that we thought we had ended. I can remember in my early days in this house protesting

against the lobby that was taking place on behalf of the Bank Act. The Right Hon. Arthur Meighen, Mr. W. F. Nickle and I placed upon Hansard at that time our views. It stiffened the opinion of the government with respect to some matters, and you will recall how lobbying fortunately disappeared. We know the evils of lobbying; we have seen lobbies operate; we know what they have done in legislatures and in parliaments. We know what they had to do in England in respect to the matter, and we know what we tried to do here because of the scandals that arose.

Yet to-night in 1938 we are told that a private member can introduce in this house a bill which usurps the functions of government and provides for the export of the industrial life-blood of this country. Think of it! Why should a government not risk its life upon the question? Why should a government not say, "We are in favour of a licence," or, "We are against a licence?" What is the function of government? What is the duty of an executive? To lead or to be led? What are the Prime Minister's views? He spent this afternoon dealing, not with the principle of this bill but with the historic aspect. At the end of his speech he took the pros and cons of another bill which is to come as a private bill, and presented them to this chamber, neatly balancing, like an acrobat, the pros and cons; here a little and there a little, for it, against it; not what I say but what someone else says, not what I think but what they think. Did he disclose to the house to-day what his thoughts are? Did he make known to any hon. member or anyone in this country what his views are in respect to power export licences? Does he believe in it or not? Will he vote yea or nay? What leadership is to be given? What are the conquering hosts to do?

An hon. MEMBER: Do what they are told.

Mr. BENNETT: Oh, thank you. Do what they are told, but by whom? That is the point, by whom? By the private interests or by the government of the country? By the lobbyists, by the private bill, by the introducer of the private bill, or by the government of Canada, which alone has power to deal with the export of power? Which is it to be? I am glad my hon. friend put it, "Do what we are told."

Mr. GRAY: One of your friends.

Mr. BENNETT: Oh, I thought it was one of the hon. gentlemen opposite speaking the truth for once.

Now let us go a step further. Does the house realize the principle that is involved? Remember, the control of export is one of the highest functions of government. Does the house realize that it affects revenue? I doubt the constitutionality of a private bill that authorizes and licenses the export of power. I doubt the power of any private member, under the British North America Act, to introduce into this house a bill that provides for the export of anything. Why? Because it involves revenue. The very speech made this afternoon shows how it touches revenue, and not only the revenue of this government. Mark you, we get a fee under the statute. We get revenue under the statute. So do the provinces, but we do also. It is not the provinces alone; we have been getting revenue. Now for the first time, Mr. Speaker, I am told that a private member con introduce into this house a bill that deals with the revenues of Canada. At the appropriate time I propose to point that out and to ask whether or not it is within the constitutional power of a private member to do so.

Mr. EULER: He does not propose the expenditure of money.

Mr. BENNETT: He proposes the collection of it, and that involves expenditure as well; for there can be no licence issued that does not involve inspection. However small the expenditure may be, if it is a charge upon the taxpayers for fifty cents or fifty thousand dollars the principle is the same.

Mr. EULER: Very far-fetched.

Mr. BENNETT: Not far-fetched at all; it is a fact. No man knows that better than the minister who has just spoken, because in his department every year he asks us to vote the sum of $750, and sometimes more, with respect to that matter. In the estimates appears a provision for this very expenditure, and if expenditure is involved how can a private member, under our constitution deal with the matter? There is expenditure; there is collection of revenues, and you are going to have a private member deal with it, a private member whose legislation is not that of the government. Terms, conditions, provisoes, limitations—all these things are to be fixed and determined. Now what are you going to do about that?

Mr. MacLENNAN: That is a lot for a private member.

Mr. BENNETT: On reflection probably the hon. gentleman will realize that this touches the province of Nova Scotia and the island

of Cape Breton. Anything that affects export, be it small or large; be it pulpwood or power; be it any of the products of this country; whatever it may be, cannot be dealt with under our constitution as thus far interpreted in our history except through governmental action. Did anyone ever before hear of anyone introducing a private bill to deal with the question of limitation upon exports; or to grant a power to break in upon a general act of prohibition and destroy its value for the purpose of making an exception to the general rule? Mr. Speaker, as old as some of the oldest statesmen in England you have this provision: Whenever duty and interest conflict there is bound to be loss to the body politic unless the greatest care is exercised. On the one hand there is our duty: Follow the constitutional practice and look to the government to enunciate a policy which we can vote for or against. On the other hand there is the interest of the private concern. I pointed out this afternoon the significant fact that those who had applied for the licence to which the Prime Minister referred had withdrawn their application in November, and that was the time when this device to circumvent the provisions of the refusal under the statute was first heard of. That in itself is a significant and serious fact. If you will look at the white paper you will find it. There it is.

I shall content myself, Mr. Speaker, merely with saying that I am in favour of what we unanimously resolved to do some years ago, namely, to permit this parliament to exercise its power with respect to the granting of licences for the export of power. Second, I submit that the proper method to exercise that power would be to provide that no licence should become effective until such time as it had been approved by parliament. Then you would have the government submit to the house a measure ratifying and approving the action taken, if a licence was issued, and of course declining to do so if no licence had in fact been issued. Third, I submit that this bill contravenes every established precedent in leaving in the hands of a private member the determination of the destiny of this country and its people.

Mr. EULER: Parliament has control over it.

Mr. BENNETT: Not parliament; a private member.

Mr. EULER: It does not follow that his bill is going to carry.

[Mr. Bennett.]

Mr. BENNETT: Why, of course not. The hon. gentleman has just said what I was desirous that he would say. The initiative that makes it possible to determine any question arises from a private member, and when a private member exercises initiative upon a question which determines the destiny of a country you are violating the well established principles of our constitution.

Some hon. MEMBERS: No, no.

Mr. BRADETTE: Very childish.

Mr. BENNETT: The Minister of National Defence (Mr. Mackenzie) suggests that that is not so. Let us look at the matter just a little more narrowly. Power is to be exported from this country. One of our assets is to be carried out of Canada, just as much as though you took any asset we have and carried it over to a foreign country.

Mr. MACKENZIE (Vancouver): If parliament agrees.

Mr. BENNETT: Quite so; I am coming to that. That asset is to be taken away, not if parliament agrees but if parliament gives assent to a private act which is governed by interest, as pointed out by Bacon; as long ago as that. Interest is the dominating factor in a private bill. Interest always has been. The very rule that was read this afternoon indicates that; and for the national good, the welfare of the state, we are now to substitute a private bill which is governed and controlled by private interest. Always remember that. Every private bill is based upon the assumption that for some reason private interest shall prevail over the fixed, universal rule.

Mr. LAPOINTE (Quebec East): Surely a member has the right to introduce even a public bill.

Mr. BENNETT: I do not say he has not the right to introduce a public bill, but this is said to be a member introducing a private bill. The Prime Minister dwelt upon that at length and cited authorities as to its being a private bill. If I were dealing with it as a public measure I would use entirely different arguments, but what the member is introducing is a private bill and the basis of all private bills is interest. That is as old as the parliament of Britain. The conflict between interest and duty is the conflict, not of to-day or of yesterday, but of the centuries. It is a conflict of duty on the one hand and interest on the other; interest, with all it means, with all its ramifications, with all that is involved of wealth, with all that is involved of privilege, with all that is involved in the benefits that accrue, as against duty which

is measured by the general rule. And when you say that that general rule shall be invaded by a private member introducing a private bill, you have struck a blow at the institutions of this country from which it will not readily recover. These are the days in which we know democracy is being attacked on all fronts. The whole theory of parliamentary control is democratic, as the Prime Minister properly said this afternoon. That is democratic; but if in order to make it effective you substitute interest for duty, you substitute the interest that invades the general rule and take the operation of the private statute out of the general rule, then instead of helping democracy you have struck a blow at it.

There is no member of this chamber who does not realize that. That is the reason why the conflict as to whether one should vote for the second reading of this bill becomes acute. But it appears to me that while one can merely record his opposition to the principle of a private member with a private bill, actuated and governed by interests, taking a given undertaking out of the operation of a general rule—while one is opposed to that, one realizes that, as indicated this afternoon by the Prime Minister, the government's policy is to seek the opinion of parliament. And on the theory that the governing principle is to seek the approval of parliament, I shall be content by merely recording my dissent from the general principle involved in the bill, and give notice that when the bill is in committee I shall seek to modify those provisions to the extent of providing that any licence granted under the statute shall not become effective until approved by parliament.

That is all you need, all that is ever needed, and all that has ever been needed. It is true that it still leaves responsibility with the government. It still leaves the question of saying yea or nay with the government. It still involves that the governor in council shall make up its mind and arrive at a conclusion. It still means that with doubts and conflicting opinions the government has to decide yes or no. It has been entrusted with that power, and that is its duty.

And now to avoid it, the government says, "We have nothing to do with that at all; we merely pass a statute which says that this house and a private bill will determine what they want." That is to be the voice of parliament, touching an issue, Mr. Speaker, which is not private by any stretch of the imagination. It touches the lives and livelihood of thousands of Canadians born and unborn. It affects the industrial life of this country and the development of our resources. When the private bill is before the house I shall endeavour to indicate some of the reasons why we should vote against any export licence being given at all—not only on grounds of sound economy, but also on the great international issues to which the president of the United States referred in the short report made the other day. Perhaps the Prime Minister in his reply, closing the debate, will be able to indicate to what extent he may have further knowledge of what was in the mind of the president when he made those observations; for if those observations as reported in the press meant anything, they meant that we should not grant a licence for export. Why? "An once of prevention is worth a pound of cure."

To foresee; to look into the future; to see the possible complications; to realize what may happen—that is what the president was directing attention to just as in 1914 the government of Sir Robert Borden found it essential to pass the order in council they did to negative once and for all, so far as they could, the thought that a vested interest could be acquired under a yearly licence.

There is an acute distinction between granting an export licence to an existing industry, and granting an export licence to a utility for distribution; there is all the difference in the world. To grant an export licence to a company for its industry, and for a limited period of a year or two years, while it is building up its power plant, is one thing. To grant a licence for the export of power to a distributing company, or to a utility, means just what was pointed out by that New York commission, and what was pointed out in the Astor hotel at the banquet at which the then president of the United States was reported to have said that it would be regarded as an unfriendly act.

If you have regard to these circumstances, they afford ample reason why at the proper time we should vote against the granting of licences by private bills. But that is not the point now before us, and I shall have to content myself by simply saying that it is the principle of democratic control, of parliament having control. I still believe the unanimous opinion arrived at by this house some years ago was sound; that all that is essential to exercise that control is that we should merely amend the present statute by saying, "And no licence granted under this statute shall become effective until approved by the parliament of Canada." That would end the matter. There would never be any uncertainty or anything else then with respect to it.

Terms, conditions and provisoes would rest with the general act. The private act would no longer have existence.

Approval given by this parliament to the order in council passed by the executive under the grant of powers made in 1907, which is consonant with the general principles which govern under British institutions, the exercise by the executive of the power conferred upon it by parliament—because parliament is not always sitting—would have thus been maintained, and the approval given by parliament to an order in council granting a licence would ensure that democratic control over the granting of licences which is essential to our well-being.

Mr. Speaker, I apologize for having trespassed upon your time to the extent I have, because I desire not to confuse two issues—one the enabling act and the other the private act. The private act involves consideration of all these questions to which the Prime Minister referred this afternoon. The enabling act refers only to the general principle as to how the control of this parliament shall find expression in an enabling act.

When the opportunity arises, I shall submit to the committee of the whole house the amendments which I think are essential for the purpose of giving effect to the principle this house has heretofore unanimously adopted.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, I did not intend to take part in the debate, and it is not my intention to make any extensive remarks. However, I am forced to say a word, in view of the observations of the right hon. leader of the opposition (Mr. Bennett), and especially his appeal in favour of democratic control.

He protests against the bill because of the removal of democratic control. Well, this is a bill under which it is asked that parliament exercise a power which, in its wisdom, years ago it had delegated to the governor in council. Instead of this power being exercised by delegates, this bill will bring about a new situation whereby parliament itself, the representatives of the people of Canada assembled here, will decide as to whether or not there should be an export of power, through a licence to any party who may be asking for it.

The other day the house spent the whole afternoon discussing a resolution moved by the hon. member for Wellington South (Mr. Gladstone), during the course of which discussion many hon. members complained that the government was arrogating to itself most of the powers of parliament and that private members had no more authority or power. They asked that this should be changed. To-night we have heard the other claim made, that the government is entrusting too much of its powers to the hands of private members. I heard my right hon. friend say that it is almost a constitutional crime that a private member should be allowed to introduce a bill dealing with questions of this kind.

Mr. BENNETT: No; to initiate this form of legislation.

Mr. LAPOINTE (Quebec East): As I said when my right hon. friend was arguing this, a private member has the right to initiate a public bill. If my right hon. friend wants a public bill instead of a private bill, what will be the difference when the legislation is initiated? They will be exactly the same. There is just a slight difference in the procedure. A private bill must be preceded by a petition. The whole public will know that a petition has been made to this parliament asking for the passing of a bill. The people of Canada will know in advance of the application. When the bill reaches its second reading hon. members will have an opportunity to express their views; but instead of being discussed in committee of the whole, the private bill will be referred to a select committee of the house.

Mr. BENNETT: A standing committee.

Mr. LAPOINTE (Quebec East): It would be referred to a standing committee which has the power, under the rules of the house, to hear counsel and witnesses and all evidence necessary and essential for a proper decision to be arrived at before a report is made to the house. What is the crime being committed by the government in saying that it shall be a private bill instead of a public bill? I have not consulted my colleagues about the matter; but if that is the only objection I do not think we should fight over it. If a change from a private bill to a public bill will enlist the unanimous support of the house, then I think my right hon. leader will be quite willing to change it. There is practically no difference when it comes to discussion in the house.

I think the government should be commended for giving to parliament the full say in the matter. My right hon. friend has spoken of democratic control. The complaint in recent years, not only in Canada and the old country but everywhere else, has been that too much of the control of parliament has been removed. On different occasions in this house the right hon. gentleman has referred to that remarkable book, The New Despotism, by the Chief Justice of England, Lord Hewart, in which the complaint is made that

instead of parliament being allowed to decide certain vital issues, this is done by governor in council. Have we not heard considerable both in and out of this house of government by order in council? This is exactly the opposite principle; it is restoring to parliament its control. If that is not democracy, I do not know what the term means.

I do not think I have any more to say on this matter. The hon. member for Dufferin-Simcoe (Mr. Rowe) said that with this matter being dealt with by a private bill, with parliament having the control instead of the governor in council, there will be tremendous lobbying. Are members of parliament afraid to exercise their rights and powers as members of parliament? Have we come to the stage where a parliament in Canada will refuse to exercise its proper control over the affairs of the country because it is afraid it will not be able to do so honestly? As far as we on this side of the house are concerned, we trust ourselves. I have enough confidence in members on all sides of the house to be sure that they will do their duty, as we shall do ours. I repeat that this is restoring control to parliament in connection with a vital issue. I agree with my right hon. friend when he says that there are certain matters which are so important that the governor in council cannot deal with them. Parliament has reserved to itself control over the tariff and many things of that kind. This matter is so important that I think parliament might very well keep to itself the right to dispose of the matter.

Mr. J. R. MacNICOL (Davenport): This afternoon when the Prime Minister (Mr. Mackenzie King) was speaking, I asked a question as to the probability of the revocation of licences for power export. I have had some experience in companies that required considerable electrical horsepower with which to operate. When I asked my question I had in mind the Niagara-Hudson Company of New York state, which imports a large volume of power from Canada and has for many years. The right to export that power has not been revoked and I doubt very much if it could be. As has been said by several hon. members, the revocation of the right to import power that has been imported by an importer in the United States for any length of time would cause trouble between the two countries. That is the opinion I hold. I did not get any reply to the question I asked as to what course would be followed in revoking this right. I do not believe it could be done without causing trouble between the two countries.

There is another point to be considered. As the Prime Minister and other hon. members who have made an investigation of the matter know, there has been put into operation in Great Britain a plan whereby there will be a tremendous increase in the amount of power required in that country, and I believe the very same thing will happen here. As the hon. member for Dufferin-Simcoe (Mr. Rowe) predicted, before two or three years a large amount of additional horsepower will be required in Canada. That has been the result in the old land. As hon. members who were in Great Britain last summer know, all the great railroads adjacent to London are being rehabilitated for the use of electric power. The same thing may happen in this country. If it does, and we have exported large amounts of horsepower which cannot be revoked without causing trouble, where will this country be so far as the supply of power is concerned?

One thing about this whole proposal that I do not like is that in renewing the contracts for power with certain companies, the Ontario government, finding it has more power now than apparently it requires, is asking us to permit that government to export it. Once it is exported there will not be enough power left, and if the same consequences as regards increase in demand follow in this country as have occurred in the old land, we shall find ourselves in great difficulties.

What happened in the old country as a result of the vast increase there in the demand for power? I have in my hand a book which I got last summer from one of the government offices; it is a report on electricity distribution. The result of what they have been doing over there—and the same can be done here—shows that a very large increase in the amount of power consumed reduces the cost to the consumers. Sales of electricity to consumers for all purposes increased from 3,512 million units in 1920-21 to 11,467 million units in 1933-34. The same thing would happen here if efforts were made to carry out the policy outlined by the hon. member for Dufferin-Simcoe and the hon. member for Kootenay East (Mr. Stevens), to give the farming community of this country electrical power at reasonable cost, thereby reducing the drudgery. Why is it that throughout this country to-day men are leaving the farms? Why is it that the number of women on the farms has been so greatly reduced? In a part of the country with which I am quite familiar, on 1,400 acres there is just one woman. There are numbers of bachelors, but no women for them to marry, because the drudgery is so great on the farms that the women cannot be induced to stay there. The hon. members for Dufferin-Simcoe and Kootenay East

suggested, what is quite true, that this country can use every horsepower that can be produced, if it is properly disposed of, without necessity for exportation. There is a lot behind this proposed exportation of power which I do not believe the Canadian people will favour.

To return to the figures of production in the old country, illustrating the increase in the consumption of power as a result of what they are doing over there: for lighting, heating and cooking the increase has been from 582 million units in 1920-21 to 3,916 million units in 1933-34; and for power supplies—that is one of the things which has been spoken of this evening—the increase has been from 2,499 million units in 1920-21 to 6,392 million units in 1933-34.

What has been the result of these large increases in the demand for power so far as costs are concerned? The charges for electricity in the old land, as measured by the average revenue received per unit of electricity sold, decreased in the case of lighting, heating, cooking and shop and office purposes, from 5·75d. in 1921-22 to 2·28d. in 1933-34, and in the case of power, from 1·69d. in 1921-22 to 0·73d. in 1933-34. These figures show very clearly that an increase in power consumption will give a large decrease in the selling price.

We have been told that if we do not permit the export of power from this country the Ontario consumer will pay more for his electricity. That has not been the result in the old land. There, through the great efforts made to increase power production and power distribution, the price to the consumer and the manufacturer has gone down. We can do the same thing here.

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

Friday, March 11, 1938

The house met at three o'clock.

RADIO BROADCASTING

First report of the standing committee on radio broadcasting.—Mr. Beaubien.

FARM IMPLEMENTS COMMITTEE

MOTION FOR CONCURRENCE IN SECOND REPORT PRESENTED APRIL 8, 1937

Mr. J. FRED JOHNSTON (Lake Centre) moved:

That the second report of the special committee of the house appointed on the first of February, 1937, to continue and complete an inquiry begun by the standing committee on agriculture and colonization, pursuant to a resolution of the house on March second, 1936, into the causes underlying the high prices of farm implements, with particular reference to the advance in prices in the year 1936, presented to this house on April 8, 1937, be concurred in.

He said: In rising to speak to the motion which is now before the house I think it might be well for me to review briefly the steps leading up to the presentation of this report on the eighth day of April last. Bearing in mind the contents of the resolution, the house will recall that in January, 1936, farm implement companies did increase their prices. The matter was brought to my attention shortly before I left home to come here to attend the first session of this parliament. One of the local agents representing one of these machine companies showed me a letter he had received from his firm instructing him to advance his price list, giving as their reason that material and labour costs had advanced to such a point that they were forced to increase their prices.

After coming to Ottawa I discussed the matter with some other hon. members who are directly concerned with agriculture. I gave it further consideration, because I was not unaware of the fact that inquiries such as this cost money, and I wanted to be sure that I would be justified in bringing the subject to the attention of parliament before going into it any further. I finally decided to bring it to the attention of the house, and I did this on the second day of March, 1936. The resolution which I submitted at that time was on the motion of the Minister of Agriculture (Mr. Gardiner) amended, by referring the matter to the standing committee on agriculture and colonization rather than the body mentioned in the original motion. The committee on agriculture and colonization undertook the task, and during the session of 1936 did considerable spade work in connection with the inquiry. They heard evidence covering 476 pages, a number of witnesses, and received and filed thirty-nine exhibits. These, by order of the house of February 1 last were made part of the record of the committee now reporting.

Toward the end of the session of 1936 it was felt by the members of the committee on agriculture and colonization that a smaller committee could better deal with the matter. As hon. members know, the committee on agriculture and colonization consists of sixty members. Consequently, on February 1 last, again on the motion of the Minister of Agriculture, a special committee was set up consisting of twenty-five members. This committee did me the honour of making me chairman. The special committee last year held forty sittings, examining twenty-nine witnesses, heard 1,209 pages of evidence, and received and filed one hundred exhibits.

When the Minister of Agriculture made his motion the house will recall that the right hon. leader of the opposition (Mr. Bennett) expressed doubt whether a committee of this house was the right body to handle this matter. The right hon. gentleman expressed the opinion that acrimonious discussions would arise in that committee. I am sure the right hon. gentleman will be glad to know that nothing of the kind occurred. The work of the committee was harmonious throughout, and thanks are due to the members of the committee for their cooperation. In that connection may I say that on the last day of our sittings the hon. member for Kootenay East (Mr. Stevens), who is a member of long standing in this house, stated to the committee that in all his experience he had not served upon a more efficient committee. I took that as a tribute to the members of the committee and particularly to the counsel and the auditor whom we were fortunate in procuring, Mr. Graham, solicitor, of Swift Current, and Mr. Macdonald, chartered accountant from Winnipeg. I think anyone who has studied the evidence and gone through the report will agree with me that these two men did a tremendous amount of work in the short time at their disposal.

Coming to the report itself, there are thirty-six conclusions and recommendations. I have time only to touch very briefly upon a few of them.

The first conclusion points out that the prosperity of the farm implement industry depends on the prosperity of agriculture. As we study the evidence that is made very plain, that when agriculture is depressed the farm implement manufacturers of this country are not prosperous. The committee had the benefit of evidence tendered to it by Doctor Booth. Doctor Booth is an agricultural economist connected with the dominion Department of Agriculture. He told the committee that the annual requirements of farm implements in this country amounted to $51,700,000, and that during the period 1926-35, on account of the depression and farmers not being able to purchase their annual requirements, there had grown up in this country a backlog of requirements amounting to some $200,000,000. If this estimate is anything like correct and I think it well within the mark, and if this backlog is to be taken up in the next few years, it will be understood that farm implement manufacturers have in prospect a period of large sales, probably equal to the days when western Canada was being settled. When we consider the financial statements of the implement companies during that period we find that they experienced very prosperous times. With the annual requirement of $51,700,000 plus the backlog of $200,000,000, hon. members will understand how vital this matter of price is to the farmers of this country.

As I stated at the outset, in January, 1936 farm implement companies increased their prices. They stated before the committee that this increase amounted to three per cent over their line of production. The auditor of the committee claims that the increase was 4·4 per cent. If we take the implement company's own figure what do we find? That on that annual need of $51,700,000 you have to add another $1,550,000 and on the $200,000,000 back log that has to be taken up if the agriculturists of this country are to put themselves in a position to produce cheaply, there is another $6,000,000 added to the cost of farm implements by this increase.

We thought that was bad enough, but on November 1 last, despite the conclusion of the committee that this increase of 1936 was not justified and that any further increases would not be justified, the implement companies put into effect further material increases in the prices of these implements. I have here a list of twelve of the more important implements. I have not time to give all the details—

Mr. BENNETT: Is that part of the evidence before the committee?

Mr. JOHNSTON (Lake Centre): No, this is not part of the evidence; this is the increase that was made last November. I hope the right hon. gentleman will not raise a point of order, because I think this has a very direct bearing on the question.

Mr. BENNETT: I am not raising it as a point of order at all. I mention it only in view of the statement I made the other day that no Canadian evidence was received with respect to cream separators.

Mr. McLEAN (Melfort): That is not correct.

Mr. BENNETT: Well, the evidence is there; it speaks for itself.

Mr. JOHNSTON (Lake Centre): I think the right hon. gentleman was misinformed.

Mr. BENNETT: I have read the evidence.

Mr. JOHNSTON (Lake Centre): All cream separator manufacturers in Canada had an opportunity to appear before the committee. They received a questionnaire from the committee; if they did not see their way to return the questionnaire or appear before the committee, they have little to complain of at this time.

However, in regard to this increase in prices of farm implements of November 1 last, applicable to purchases of this year, what do

we find? This list consists of machinery in every-day use, which will be found upon every farm in the country:

The list:

8-foot binder with carrier and tongue truck.
20 d.d. drill.
6-foot mower.
10-foot dump rake.
14-foot single disc harrow 6H.
4-section steel drag harrow.
8½-foot stiff tooth cultivator 6H.
14-inch general purpose gang.
W30 tractor.
12-foot combine.
9-foot 12-24-inch one way disc.
500-pound cream separator.

The percentage of increase on these twelve implements was 7·8 per cent, one of the largest increases that has been made in the history of this country with regard to the prices of farm machinery. This has come since the report of the committee was tabled in this house on April 8 last year; and covers the full range of implements at varying percentages of increase.

Mr. McCANN: Has the hon. member the individual rates of increase?

Mr. JOHNSTON (Lake Centre): Yes, I have.

Mr. McCANN: What is the rate of increase on the last item?

Mr. JOHNSTON (Lake Centre): On the five hundred pound cream separator the percentage increase is 10·1.

Mr. BENNETT: Might I ask the hon. gentleman if he has the record of the increased prices of steel?

Mr. JOHNSTON (Lake Centre): No, I have not, though I have looked into it. No doubt there was an increase in the price of steel and other raw material, and there was some little increase in labour cost. I will admit that since the committee reported last April, there were increases, but I am going to try to indicate before I conclude that even with those increases in the prices of materials going into the construction of farm implements, the increased prices were not necessary or justified.

What does that mean? I have stated to the house that the annual requirement in farm implements in this country amounts to $51,700,000. This backlog that has grown up because the farmers have not been able to make their annual purchases amounts to $200,000,000. I have a table here which I think gives ample proof that the backlog does exist. We have the average increase on these twelve typical implements which, as I have said, amounted to 7·8 per cent, but in order to be on the safe side we will say that on the whole line of machinery manufactured by these companies the increase of November 1 amounted to five per cent. Take that together with the three per cent increase in 1936 and you have eight per cent in all. Hon. members will see that on the annual requirement this means an extra amount of over $4,000,000 that must be paid by the farmers, while on the backlog it amounts to some $16,000,000. That is a very serious matter, when we consider the condition of agriculture at the present time.

What do we find with regard to the operation of these companies over the period of years? Number 4 in our conclusions reads:

> That the companies engaged in the industry, over the period of their operations as a whole, have made substantial profits on the capital invested in each company.

The International Harvester Company, over the period 1926 to 1935, a low period of production and sale, was shown to have earned a minimum profit of 6·3 per cent on their business. That is not a bad return. With regard to the other great company doing business in this country, the Massey-Harris Company, a loss was shown during this period, but the evidence brought out before the committee would indicate that this loss was not altogether due to the depression, but that other considerations came into the picture.

Now I should like to say a word with regard to the finances of these companies and what they have done for themselves during the time they have been serving the Canadian farmer. Time will not permit me to go into all the companies, but what do we find when we turn to the Massey-Harris Company? First of all, Mr. Speaker, we are wrong when we look upon these companies as being purely Canadian. We find that the Massey-Harris Company does sixty per cent of its business outside of Canada. In 1891, when the Massey and Harris interests were merged, together with some other manufacturers, they had a capital of approximately $3,500,000, of which only $300,000 was put up in cash, the remainder being given in exchange for the assets of the constituent firms that were merged. In that period, 1891 to 1912, the capital remained at $3,500,000, leaving out of consideration for the moment another $1,000,000 that was put in in 1911. What do we find happening during that period? On a capitalization of $3,500,000 this company was able to pay cash dividends amounting to $11,212,349 and stock dividends of $8,500,000, or total dividends of $19,712,349;

to create a rest account of $6,500,000; to set up a special contingency account of $1,680,000 and to retain unallocated in surplus account $1,061,000, or a total of $28,959,349. That is a very substantial return on a capital which amounted to $3,500,000 at the inception of the company and which remained at that figure until near the end of that period, when an additional $1,000,000 was put in. I am sure no one would say the prices this company charged its customers during that period were not sufficient to pay them a good rate of interest on the original investment, to give their stockholders sufficient in the way of dividends and still leave a very, very wide margin. Such is the situation with regard to that company, and broadly speaking it may be said to apply to many of the other companies, with perhaps a little less force.

Before our committee these companies indicated that they had suffered very severe losses in connection with time sales. That is so. I would desire that all purchasers of farm implements in this country should note the exact situation in regard to this matter. I have here a statement which was furnished to the committee by the auditors and which shows the approximate net sales in Canada of the four big companies, International Harvester, Massey-Harris, John Deere and Cockshutt Plow-Frost and Wood. During the period under review, 1926 to 1935, the sales of these four companies amounted to $246,740,000. Their bad debt loss in connection with these sales amounted to $12,726,000, or 5·2 per cent. That is too much for these companies to lose, and I think they have done the right thing in increasing the cash payment. The result of that loss, as in all cases, has been that the man who does pay must make up for the fellow who does not pay, and the sooner the farmers of this country come to realize the fact that it will pay them to buy their machinery for cash, the better it will be.

In connection with the increased cost of producing these machines, No. 14 of our conclusions reads:

> That the relative increase in the cost of labour has been one of the important elements in the increase of prices occurring between 1913 and 1936.

It was established before the committee that during that period labour costs had increased a full one hundred per cent. The farmer has no quarrel with the labour employed in those factories, but his contention is that if there were a greater number of men employed in the factories, performing more hours of labour, the farmer would be able to have his machinery at a lesser cost. There is no fight between the farmer and the man employed in the factories. During this period the federal and provincial governments have spent tens of millions of dollars in an endeavour to keep farmers on the land, and to rehabilitate those who are on the land, particularly in the drought areas of western Canada. I suggest there is no group in the dominion which benefits more by those expenditures than do the farm implement companies. They benefit in a direct way.

I suggest to you, Mr. Speaker, and to the house, that the agriculturists are not looking for too much when they ask the farm implement people to make a contribution. But what contribution do we get? Another increase in prices. Having lived in the drought area during the last few years I know of the difficulties experienced by the people there. They have to take the loss; they cannot pass it on, and cannot get away from it. It is their loss. On the other hand the farm implement companies, having, as they claim, made a loss during the drought period, are now passing it on. Not only must the farmer consider his annual requirements, but the one who has not been able to purchase his requirements during that period will be penalized an extra eight or ten per cent to catch up on the backlog.

I have before me a quotation from a speech delivered by Sir Edward Beatty, touching on this point, at a joint meeting of the Canadian Chamber of Commerce and the Kiwanis Club of Toronto on February 5, 1936. I hope my farm implement friends will pay some heed to what Sir Edward had to say in the matter. Although his observations were not made directly to them, I believe they apply. He said:

> The business leaders of this country must face facts. Men attracted from farms to cities by high wages offered them by business institutions, and then abandoned to unemployment through no fault of their own, have a legitimate criticism to make of the skill with which private business has conducted its affairs. To deny this is to be smug. For a business man living in comfort—

And these are the words to which I direct the attention of farm implement companies—

> —even if his dividends and profits have shrunk to nothing, to tell men who do not know where to obtain their next meal, except from public or private charity, that this is all inevitable, is wrong.

I should like to point out to the farm implement companies that if they made no profits during the period of depression, neither did the farmer. He is not in a position in any degree to pass on his loss. On the other hand

to-day the farm implement companies are not only increasing their prices on the farmer's annual requirements but are calling upon him to pay a penalty on the backlog he was not able to take up during the period of depression. In street parlance, I suggest to the house that it is not playing the game.

Conclusion No. 16 reads:

That it is the opinion of the committee that the cost of cream separators to the consumers should be reduced and with that end in view recommends that this item be placed on the free list.

I am not going to discuss this conclusion in detail, because I believe it will be dealt with by other hon. members representing dairying constituencies. It was proven, however, that with regard to one machine the mark-up over cost amounted to ninety per cent. The cream separator in my opinion may be looked upon as the hand maiden of thrift. Any farmer who has the ambition to augment his income by using one of these machines should have it at the lowest possible cost. For that reason the committee have recommended that cream separators again be placed on the free list, where they had been many years prior to 1930.

Conclusion No. 17 is:

That reduction in the tariff should and does in the long run tend to lower the price level to the farmer, depending on the extent of free price competition in the industry.

Let me give a case or two in point. In January, 1936, tractors valued over $1,400 were placed on the free list. The Caterpillar Tractor Company gave evidence before the committee. As a result of this tariff change on one model of tractor manufactured by this company there was a price reduction of $880, and every dollar of it was passed on to the purchaser. When it is said a reduction in tariff does not amount to anything I would suggest that we take notice of a reduction in price of this kind. There should be reductions such as I have indicated, unless there is within an organization, if not a monopoly, at least an understanding with respect to a way of getting together to defeat the action of parliament when tariffs are reduced.

We find further, that as a result of the tariff reductions in January, 1936, the International Harvester Company of Canada made reductions on 168 items, the Massey-Harris Company on 6 items and the John Deere Manufacturing Company on 103 items. The committee found that while there was competition with regard to sales, there was no competition with regard to prices.

I now direct the attention of the house to conclusions 19 to 22, which deal with the provisions of the Customs Act and Customs Traiff, affecting the importation of farm implements. The statement is that these measures should be clarified. I shall not read the four conclusions to which I have referred. It is sufficient to say that the inquiry clearly indicated that there were inequalities existing in the application of these regulations, that they were unfair to the importer of farm implements, and that in addition they deprived the dominion treasury of very considerable sums of money.

Let me give an example to illustrate my point. Since 1924 tractors have not been classified as of a class or kind made in Canada. As a result the American parent companies, under regulation of the Department of National Revenue, could have invoiced the tractors to their Canadian companies at the same price as to the American subsidiaries. What was done? They were not so invoiced. The auditor of the committee made a conservative estimate of the amount of income tax that had been lost to the Canadian treasury. His estimate was that at least $400,000 would have been paid into the Canadian treasury by means of income tax had the Department of National Revenue drawn this to the attention of these companies. As I stated at the outset, I hesitated to bring this matter to the attention of the house because of the cost. Let me say that from this one item, many times the cost of the inquiry will be returned to the dominion treasury. In connection with these matters I want to say that I have every confidence that the present Minister of National Revenue (Mr. Ilsley) is doing all that he can and will see to it that his department is a department for the collection of revenue rather than one to curtail the importation of goods into this country.

I want to say something with regard to the matter of credit—I wanted to speak about a number of other things, but my time is slipping along. The cost of this credit ranged from 24·7 per cent to 50·2 per cent, depending on the time over which it extended and the class of implement purchased. It will need no argument on my part to indicate that no business could carry on under such a load and succeed. The implement companies stated that this was not to be looked upon as an interest charge, that it was put on to induce the farmer to pay cash. I have in my hand two tables, which the International Company worked out for the committee, giving the factory cost of an eight-foot binder. I desire to draw the attention of the farmers of this country to these tables. I believe that if they

realize what it costs to purchase farm machinery on time, they will make a greater effort to buy only for cash.

What do we find with regard to the increase in the cost of these machines? Back in 1913 the factory cost of an eight-foot binder was $75.83. In 1930 this cost had increased to $138.39. That was the year in which the right hon. leader of the opposition came into power, and in 1931 there was a further increase to $153.11. In 1935 the factory cost of this binder had dropped to $123.32, a decrease of approximately $30. I remember when this matter was before the house on another occasion the right hon. gentleman said that the companies had given him a letter to the effect that they would not increase prices provided a duty of twenty-five per cent were placed on these machines. He indicated at that time that they had kept faith with him, that they had not increased prices but rather had decreased them.

Mr. BENNETT: And there was to be no increase in the cost of raw materials.

Mr. JOHNSTON (Lake Centre): They have kept faith; they did not increase the prices, they reduced them as the right hon. gentleman said. However, they did not reduce them far enough. It will be noticed that the factory cost of a binder in 1931 was $153.11. In 1935 this had dropped to $123.32, or just a few cents short of $30. In 1931 the cash price of a binder to the farmer at Regina was $278. In 1935 this had dropped to $263, or a decrease of $15. They came only half way in their reduction.

There is a matter of greater importance with which I should like to deal if time permits. I refer to the question of freight rates. Numbers 11, 12 and 13 of our recommendations deal with this matter. The people in the west know just how important this is. During the period 1926 to 1935 inclusive the International Harvester Company marketed 77·6 per cent of its total Canadian sales volume in western Canada, while the Massey-Harris Company marketed 66·69 per cent of its production in western Canada. The fathers of confederation realized that the matter of freight rates was of prime importance and they stated that the outlying portions of Canada would have to be given a cheap and efficient system of transportation. It has been stated in this house that the fathers of confederation went even further and said that this should be done even though it meant a tax upon the taxpayers generally.

Back in 1897 the government in office at that time made an agreement with the Canadian Pacific Railway Company known as the Crowsnest Pass agreement. Under that agreement the government paid the Canadian Pacific Railway Company a subsidy for the building of a line from Lethbridge through the Crowsnest pass into British Columbia. I believe this subsidy amounted to $3,400,000. The railway company agreed to maximum rates on certain commodities, such as wheat and wheat products eastbound and farm implements and other commodities westbound. Western Canada enjoyed the benefit of those rates from 1897 until 1919, or, more properly speaking, until 1902. In that year an agreement was entered into between the government of Manitoba and the Mackenzie and Mann interests, under which the rates were to be a little lower than under the Crowsnest Pass agreement. From 1902 until 1919 western producers had the benefit of the rates provided by the Manitoba agreement, but the Crowsnest Pass agreement was still intact.

In 1919 the railway companies made representations to the government of the day to the effect that they were not able to carry on under the existing rates. They said that something would have to be done and, rightly or wrongly, the government agreed to suspend the operation of that agreement for a three-year period. Those three years expired on July 6, 1922, the year in which a new government under the present Prime Minister came into office. If nothing had been done at that session, on July 6 of that year the rates under the old Crowsnest Pass agreement would have automatically come into effect. But again the railway companies made representations to the effect that they would not be able to carry on.

The new government appointed a special committee to inquire into the matter and I was privileged to be a member of that committee. To make a long story short, a resolution was presented to the committee and adopted which recommended to parliament that the rates on wheat and wheat products eastbound should be restored. That resolution was accepted by the house. The reason the rates westbound were not restored was due to the fact that the western members of that committee could not get sufficient support in the committee to get them through. It was not because we did not believe they were necessary, nor was it because we did not believe the western farmers were entitled to them.

The record of the Liberal party in connection with the Crowsnest Pass agreement is good. Following up what had happened and the opinion expressed by the fathers of confederation that the outlying sections of Canada should be given an efficient transportation system, the Liberal party, in its second year in office in 1897, made this agreement guaranteeing to the people who had

settled on the western prairies these maximum rates. The railway companies could take only a certain toll for carrying a bushel of wheat, and that agreement continued, as I have stated, until 1919.

Again, in 1922, the Liberal party restored those rates, and I suggest, Mr. Speaker, that in 1898 and in 1922 the circumstances of the people living in that western country were not to be compared with conditions to-day. I suggest that the government give very serious consideration to the question of restoring these rates at this time.

I had wanted, sir, to refer to the financial statements of the different implement companies for the present year, which all show a marked improvement in business over the previous year, but time will not permit. I want, however, to read and put on the record an excerpt from a letter that I received from the United Farmers of Manitoba. It comes from outside my own province, from the city of Winnipeg, and is addressed to myself:

> During the past year the report of the special committee of the House of Commons dealing with prices of farm implements, of which you were chairman, has been receiving widespread attention in this province and particularly among the leaders of the organized farmers. General satisfaction has been expressed at the outspoken nature of the comment on certain conditions which have prevailed in regard to implement prices and widespread expectation has been stimulated looking toward concrete action in the direction of relieving some of the injustices which have been imposed and which continue to the present time. It is felt that the House of Commons having had its attention so specifically directed to these unfair exactions should not stop with merely recognizing their existence but should further bestir themselves to bring to bear whatever pressure may be necessary to secure readjustment and relief.
>
> Our hope is that it will not be a matter of mere expression of opinion but that some concrete action will be devised by conference with the leaders of the implement manufacturing industry or otherwise to secure the relief which the report so fully recognizes as being overdue.
>
> Signed on behalf of
> The United Farmers of Manitoba,
> William R. Wood,
> Secretary.

If Canada is to continue to produce wheat in large quantities, undoubtedly changes will have to be made. In my opinion we shall have to produce wheat at a lower cost; and how are we going to do that? I suggest, Mr. Speaker, that one of the steps which this house should take is to reduce, if possible, the cost of farm implements to the farmer, because, after all, farm implements and the soil are the farmer's raw materials, and he cannot carry on his industry without them.

[Mr. J. F. Johnston.]

I have a statement here which I should like to place on Hansard, with the permission of hon. members. It is an extract from a report submitted to the Royal Grain Inquiry Commission by Charles F. Wilson, statistician, agricultural branch, Dominion Bureau of Statistics, December 5, 1936.

Mr. BENNETT: I doubt, Mr. Speaker, whether that should be placed upon the record. It is part of the proceedings of a commission which has not yet reported to this house, is not public property and is a document to which we have not access.

Mr. JOHNSTON (Lake Centre): It came into my hands, I might inform the house, in this way: I telephoned the bureau of statistics and asked them if they could give me some information with regard to the world situation with regard to wheat. What I wanted particularly to get at was how much less wheat the importing countries of the world had been taking in the last few years as compared with ten years ago, and Mr. Wilson sent me this information in reply.

Mr. BENNETT: It is a 1936 document of the royal commission on grain, and obviously none of us has access to it as yet, but I am not objecting to its going on the record.

Mr. CRERAR: It is public information, available from the bureau of statistics.

Mr. JOHNSTON (Lake Centre): Mr. Wilson's statement reads:

> The foregoing statement with respect to the individual European importing countries has drawn attention to the various devices used to stimulate domestic wheat production and to curtail wheat imports. These devices have included increased tariff protection, exchange control, import and milling quotas, licensing of imports and import prohibitions, price support and price fixing for domestic production, and control of the grain handling and flour milling industries. In consequence of the employment of these devices in varying degree in the European importing countries, wheat production in Europe, apart from the lower Danube and Russia, increased—

Here is the important part:

> —increased from an average of 936 million bushels in 1922/26 to an average of 1,265 million bushels in 1932/36. This means that during recent years the European importing countries have been producing around 330 million bushels more of their own annual requirements than they did ten to fifteen years ago. The wheat imports of these countries have correspondingly diminished by approximately 300 million bushels annually during the same period.

That is the condition to which I wanted to direct the attention of hon. members, that the countries to which Canada once sold

millions of bushels of wheat have increased their own production during the last few years by approximately 300 million bushels annually. How does that affect Canada? It lessens available markets to that extent, and I suggest to the house in all seriousness that if Canada as a country is going to continue to produce wheat in large quantities we must in some way reduce our cost of producing wheat, or else we shall have to go out of the wheat picture.

I have a few suggestions to offer, Mr. Speaker, and then I am through. I suggest:

(1) Serious consideration should be given to the matter of removing all duties on the general line of farm implements.

This suggestion does not come from the committee, but I am persuaded to make it because of the action of the machinery companies in November last.

(2) Cream separators should be placed on the free list, as they were for many years.

(3) No dumping duties to apply on farm implements or cream separators.

(4) Raw materials going into the manufacture of farm implements should be made free.

(5) Restore the Crowsnest Pass rate on farm implements and see to it that the full reduction in freight charges is passed on to the farmer.

(6) Appoint an agricultural economist to check on material and labour costs going into the manufacture of farm implements, this official to furnish the Minister of Agriculture with an annual report.

I make that suggestion for this reason, that if such an official had been on the job during the period I referred to, from 1891 to 1912, I think the farmers might have looked for a material reduction in the price of farm implements.

(7) Appoint a commission to inquire into the feasibility of manufacturing farm implements in the prairie sections of Canada, where seventy per cent of the farm implements sold in Canada are purchased.

We have cheap power out there, Mr. Speaker. The city of Winnipeg is noted for its cheap power. We have almost unlimited deposits of cheap coal in the province of Saskatchewan. I think this suggestion is worth while and should be investigated thoroughly.

In conclusion, sir, I suggest that the rehabilitation of the agriculturists in this country is a pressing national problem. To this end I suggest that immediate study be given to the matter of setting up a system of insurance on a contributory basis that would enable the farmer to supply his own seed and feed requirements in times of drought or loss of crops from other causes. Had there been such a system in operation in the prairie sections of Canada during the period 1900 to 1930 the west could have taken care of her needs in this regard. Lastly I appeal to those of our people, who are more concerned with building for a united Canada than they are in making immediate profits for themselves, to assist in stabilizing this great basic industry. I suggest, Mr. Speaker, that agriculture must be stabilized if we are to have in this country a well balanced national economy.

On motion of Mr. Bouchard the debate was adjourned.

SEED GRAIN

GUARANTEE OF LOANS FOR PURCHASE OF SEED AND OTHER ASSISTANCE IN SEEDING OPERATIONS IN WESTERN PROVINCES

Hon. J. L. ILSLEY (Minister of National Revenue) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure to authorize the guarantee by the government of Canada of principal and interest of loans made by chartered banks and guaranteed by the provinces of Alberta and Saskatchewan, respectively, for the purchase of seed grain and for providing other assistance to farmers in connection with seeding operations during the spring of 1938; the liability of the government of Canada in respect of such guarantees not to exceed in the aggregate the sum of $1,900,000 in respect of Alberta and $13,500,000 in respect of Saskatchewan.

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

Motion agreed to.

SOLDIER SETTLEMENT

INTEREST RATE ON REPAYMENTS OF TAXES AND INSURANCE PREMIUMS—ARREARS OR INSTALMENTS SUBJECT TO BONUS PRIVILEGES

Hon. T. A. CRERAR (Minister of Mines and Resources) moved the second reading of Bill No. 33, to amend the Soldier Settlement Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Beaubien in the chair.

On section 1—Payment of rates, taxes, insurance, et cetera, by board in case of default on part of settler.

Mr. MacNICOL: I wish to discuss the case of a returned soldier in Saskatchewan. Is

this the right place to bring it up? I have already mentioned the position of Lieutenant Frank Murphy.

Mr. CRERAR: That could be discussed better under the soldier settlement estimates. I do not know whether the complaint relates to the subject matter of this bill.

Mr. MacNICOL: It has to do with a settlement that has already been made or suggested between the soldier settlement board and this soldier farmer. Perhaps if I tell the minister exactly what it is he will say whether it can be discussed under this item.

Mr. CRERAR: The chairman is the one to tell you that.

The ACTING CHAIRMAN (Mr. Beaubien): My information is that it is not relevant to the bill.

Mr. MacNICOL: How does the chairman know that when he does not know what the case is? It is a matter of settlement between the soldier settlement board and this farmer. He is not satisfied and I should like to present his reasons.

Mr. CRERAR: I rather think that touches upon the administration of the soldier settlement board and I suggest that it can be more properly discussed when the estimates are before us.

Mr. BENNETT: I was going to suggest the other evening, had the debate not been protracted, the question whether or not it is desirable to make the rate of interest four per cent. As a matter of fact the minister knows better than I do the great difficulty there has been about the payment of interest at all, and the inability of the settler to pay interest either on the purchase price or the balance remaining unpaid or on advances made by the crown for purposes of providing for payment of taxes or for insurance. It does seem to me that a rate of four per cent would be an ample charge so far as soldier settlers are concerned. If such a rate were charged there might a likelihood of part of it being paid. Five per cent is really a commercial rate. If we are borrowing money at less than four per cent the rate here might well be four per cent. I intended to bring the matter to the attention of the minister the other evening, but at the time he was pressed from other sources.

Mr. CRERAR: The purpose in reducing the rate to five per cent—and parenthetically I may say that it has always been five per cent except for a brief period at the beginning—is to bring it more into line with the rate charged in connection with federal farm loans. I may be wrong but my impression at the moment is that the rate there is five per cent.

Mr. BENNETT: That is so; that is the minimum. That is the prevailing rate.

Mr. CRERAR: Yes. I think that under all the circumstances five per cent is a fair rate when you take into account the concessions that have been made in the past to this particular class of returned soldiers.

Mr. COLDWELL: I notice these words:

> . . . it shall be lawful for the board to pay such rates, taxes or assessments or to insure such property as aforesaid and all moneys so expended by the board either before or after the enactment hereof, shall be repaid. . . .

Has it been the practice of the board to pay such assessments up to the present time, and if so to what total sum? The soldier settlers are in many instances in quite a hopeless position, and what we should require is not the payment of taxes, and so on, which will increase their obligations to the board, but something more than this bill provides, something which will bring the debts down to a point where the settlers themselves can see some possibility of meeting their obligations.

Mr. CRERAR: I do not think I have the information which the hon. member has just asked for. The explanation of the purpose of the section was given the other day when the resolution was under discussion. It has been found that there were many returned soldiers, for instance, who either could not or neglected to keep up their fire insurance premiums on buildings, and the like. Then there were cases where taxes were not paid. The board was authorized under the legislation creating it to advance moneys to keep these properties in good standing, and it is with the rate of interest on those moneys that this section is concerned. There was one provision in the Soldier Settlement Act which gave warrant for charging seven per cent; there was another provision which could be stretched to the interpretation that five per cent should be charged. The purpose of this section is to make it clear beyond doubt that the five per cent rate obtains and that no question can be raised in the future concerning the charge of five per cent.

The amount that has been advanced in this way on the whole I should think would not be very great.

Mr. BENNETT: The payments to the municipalities for taxes are substantial.

Mr. CRERAR: Payments to municipalities for taxes probably are substantial, but, in relation to the whole obligation, relatively small.

Mr. QUELCH: Do the provisions of this bill apply only to soldier settlers, or to all settlers under this act—that is, British settlers, immigrants and others?

Mr. CRERAR: The provisions of the bill will apply to soldier settlers, civilian settlers and others who have been beneficiaries of it in the past.

Mr. QUELCH: Then these are not special concessions to returned soldiers?

Mr. CRERAR: No, I do not think they can be so described.

Mr. QUELCH: It has often been said that they are.

Mr. CRERAR: All classes coming under the Soldier Settlement Act administration, which includes soldier settlers, civilian settlers who purchased abandoned soldier settlement claims, those who came under the so-called 3,000 British families scheme, and I think there was also the New Brunswick 500 families scheme—these all share alike in the benefits which may be conferred by this legislation.

Mr. BENNETT: All lands under the administration of the soldier settlement board.

Mr. CRERAR: That is right.

Mr. PELLETIER: It concerns the payment of rates, taxes, insurance, et cetera, by the board in case of default on the part of the settler. Last year, if my memory is correct, the government brought in a measure by which through agreement with the government of Saskatchewan some $18,000,000 of taxes and various charges due by farmers on their lands was wiped out by the federal and provincial governments. Is the minister in a position to tell us exactly how much benefit was derived by the Soldier Settlement Act administration because of that measure? If there were old taxes accrued against these lands and they were wiped out, the board must have received some material advantage. I should like to know what advantage has been received.

Mr. CRERAR: The soldier settlers in Saskatchewan and Alberta did not come under that arrangement. My hon. friend will recall that that was a voluntary arrangement entered into between loan companies, municipalities and the government of Saskatchewan. The government of Saskatchewan was a creditor for very considerable amounts, of farmers all over Saskatchewan, as well as the loan companies and the municipalities. That arrangement was reached by an understanding come to voluntarily between these various interests. The soldier settlement board had no authority by the legislation under which it operates to come into that scheme. That has been recognized, and as I say, leniency has been shown to the greatest possible extent and the soldier settler was able to enjoy the advantages of that scheme in another fashion, by applying under the Farmers' Creditors Arrangement Act for an adjustment of his obligations if he felt that he could not carry on.

Mr. BROOKS: In some districts the school authorities have a lot of difficulty, with taxes sometimes two, three and four years in arrears. Is any period specified during which the taxes shall be in arrears on these farms before the board will pay, or is it left until the farms are put up for tax sale by the school district or the municipality?

Mr. CRERAR: I think the latter is correct. I cannot speak with definite knowledge, but the soldier settlement board will protect the lands where they are worth protecting.

Mr. BENNETT: We went further than that. The minister will remember that during the last few years many municipalities and school districts found themselves in difficulty because they were without money, and we passed a statute—the exact year escapes my memory—by which we provided that the minister might take care of the situation. It is very important that it should be done promptly, for two reasons: one, to relieve the difficulty of the school districts and municipalities, and, second, because penalties accumulate and the amount payable becomes out of all proportion to what it would be if the taxes were paid promptly. I think the minister's deputies will be able to advise him that since the enactment of this legislation an effort has been made to pay within a reasonable time after it became apparent that the settler was unable to pay, and the crown became the collecting agency from the settler, not the municipality.

Mr. CRERAR: I know that applied to lands which had been abandoned by soldier settlers and have not yet been resold by the board. Coming back to the crown they were for a time in the position that taxes could not be collected from the crown in the right of the dominion. I was not so sure that it applied in the case of the settler still on his land who got in arrears with his taxes.

Mr. BENNETT: The minister is quite right. For reasons which will be well understood it was not put in those clear

terms, because that would have been a direct incentive not to pay the taxes, and would make the crown the collecting agency, which is a task of great difficulty. But in practice the endeavour was to deal through the people on the ground, so that the school districts and the municipalities would not be ruined through being unable to collect the money. The minister realizes how difficult it has been to deal with some, especially in the west.

Mr. DOUGLAS (Weyburn): Has the minister considered the possibility of including under this section provision for the cancellation of interest payments in districts where there has been no crop? In the drought area mortgage and loan companies have cancelled interest; in some cases they have made very substantial reductions in principal as well, yet farmers under the soldier settlement scheme have not had the advantage of that. I have in mind now the case of a man in the Candiac district, under the soldier settlement plan, who also has a loan under the farm loan board. During the bad years he has been able to pay his taxes and make his living with a minimum amount of relief. As the result of these bad years, however, there has been an accumulation of interest, until now, having made his payments ever since the war, he actually owes more on the farm than he engaged to pay in the first place. It seems strange that men who are on farms under a government scheme should not at least be able to get the same type of reduction that other farmers are getting from private mortgage and loan companies. Last year, for instance, there was no crop, and the 1937 interest is being added to his debt, as well as the principal payment that was not made. If we are to pass legislation to guarantee the payment of taxes it might be worth while keeping in mind the possibility of cutting off the interest payments in the years when there is no crop. I wonder if the minister could give consideration to that point, either under this legislation or under some subsequent legislation that will be brought in.

Mr. CRERAR: Consideration has been given to the matter just referred to by the hon. member for Weyburn. The difficulty, of course, in a government scheme of this kind is to pick out particular districts or areas and confer upon them certain advantages or privileges, if you like, by way of interest remission. If we attempted that, for instance in the particular district represented by my hon. friend, I think I am safe in saying that immediately we would be faced with requests from other districts and other parts of Canada until it would come to the point where it would have to have general application. The dollar for dollar bonus—

[Mr. Bennett.]

Mr. NEILL: Are we discussing that?

Mr. CRERAR: No, we are not, but I want to point it out as an illustration, in reply to the hon. member for Weyburn. The privilege given under the dollar for dollar bonus was one that applied right across Canada. Everything that has been done in the way of easing the situation of the soldier settlers has required general application, and I think if my hon. friend from Weyburn will reflect for a moment he will see the reason for that. The soldier settlers in the dried out areas in Saskatchewan have suffered very severely, of course. They have not been able to take advantage of the provisions with respect to the dollar for dollar bonus privilege. This legislation will give them an opportunity to do that for the next three years at any rate.

There is one piece of machinery of general application that has been set up by the federal government. I refer to the Farmers' Creditors Arrangement Act. If a soldier settler in Saskatchewan wants to get an adjustment of his obligations or wants to have his situation eased he can apply under the Farmers' Creditors Arrangement Act and no objection will be raised by the soldier settler administration. Indeed I think I am safe in saying that the soldier settlers are encouraged, when their circumstances warrant it, to seek an adjustment under the Farmers' Creditors Arrangement Act, because, as I have said, that is an act which is general in its application. The same thing will apply to the soldier settler in Nova Scotia, New Brunswick, British Columbia or any other part of the dominion. If we should depart from that principle and attempt to have legislation conferring benefits upon a part of Saskatchewan or a part of New Brunswick I am afraid we would be getting into a great deal of trouble. I can assure the committee that the whole object of the administration is to administer this legislation sympathetically. We believe there is still a very considerable asset here.

There is another fact that I might mention, if I could have the indulgence of the committee for a moment. Out of the total number of those who belonged to the expeditionary force only about two per cent come under the category of soldier settlers. We have many returned soldiers who are farming and who are not under this scheme at all. For one reason or another they did not care to come under this scheme but established themselves on farms. Again, we have a great many returned soldiers who have purchased homes for themselves or established themselves in small businesses, all without government aid. I do not think any effective criticism can be made of this or any previous

government, from the time this soldier settlement scheme was inaugurated down to the present time, on the ground that the soldier settlers have been in any way harshly dealt with. I think the general consensus, not only in the public mind but also in the minds of a great many returned men themselves, is that the treatment they have received under this scheme since its inception on the whole has been quite fair.

Mr. DOUGLAS (Weyburn): I quite appreciate the minister's point with reference to the desire not to discriminate as between one part of the dominion and another, but it is a fact that in the drought area you have a part of Canada that has been subjected to unusual recurring conditions, and there has been discrimination in favour of all the people in that area by private lending institutions. In view of that fact it would seem that the government would not be exceeding its prerogative in bringing its policy into line to some extent. It might be done by having the interest payment cancelled or in any case reduced in years when the average crop per acre did not come above a certain amount, or under some general principle that would apply in any part of Canada, so that a soldier settler who had not produced a crop that would enable him to meet his obligations would not have the interest piling up.

Mr. CRERAR: May I ask my hon. friend who would be the judge as to whether he had produced a sufficient crop to meet his obligations?

Mr. DOUGLAS (Weyburn): That is a matter of administration under the act. It would not be very difficult—

Mr CRERAR: I think it would be very difficult.

Mr. DOUGLAS (Weyburn): I do not think it would be difficult to find out how much a man was selling through an elevator. At present the municipalities are checking up very closely, and it would not be very difficult for the government to keep in touch in order to find out what crop a man was actually selling. I do see the minister's point, however, with reference to the Farmers' Creditors Arrangement Act. Although the minister may not have the exact figure, could he give approximately the amount of interest and principal that has been thrown off under the Farmers' Creditors Arrangement Act in favour of soldiers who have come to or applied for protection under the boards of review of the different provinces.

Mr. CRERAR: I believe I gave that information the other day when the bill was in committee. However, I shall look it up.

Mr. JOHNSTON (Bow River): With respect to the suggestion of the hon. member for Weyburn, I would like to urge that particular consideration be given to the drought areas. I have in mind particularly the area in my own constituency. These people would appreciate it if some of the arrears in interest could be reduced. It is not a case of discrimination, as has been suggested. It is recognized throughout Canada that the people in the drought areas are up against a situation which never existed before. I do not see why other parts of Canada should believe that there has been discrimination. It is a case of necessity. Already the dominion government has offered assistance, and this is one way in which it can assist, without a direct expenditure. The machinery is already set up, and it would be great encouragement for the returned soldiers in the dried-out areas —I am not so much concerned about the outside areas—if something were done. I am referring to the area already set aside by the dominion as one in which the people are not in a position to take care of themselves. It would be in the interests of all concerned and to the advantage of Canada to take into consideration some sort of remission or reduction in arrears of interest.

Mr. CRERAR: I have the information sought by the hon. member for Weyburn. The advantage accruing up to date under the Farmers' Creditors Arrangement Act is about $1,400,000. This is practically all in the western provinces.

Mr. COLDWELL: I asked the ministe the other day if, having taken advantage of the Farmers' Creditors Arrangement Act, the soldier would be debarred from obtaining any further remission from this parliament. The point I had in mind was this. The Farmers' Creditors Arrangement Act provides for a bankruptcy proceeding. Once having gone into bankruptcy and having been declared insolvent and a computation and settlement made with the creditors, is it possible that a soldier or other settler would be entitled to take advantage of subsequent legislation by this parliament? That was the point in which I was interested the other day.

Mr. CRERAR: I do not see why not. If a soldier settler applies under the Farmers' Creditors Arrangement Act I should think he would come under the benefits of this legislation.

Mr. BENNETT: In the absence of any restriction he would, certainly.

Mr. CRERAR: And there is no restriction.

Mr. BENNETT: Quite.

Mr. CRERAR: Consequently he would still be a beneficiary under this legislation.

Mr. DOUGLAS (Weyburn): As to the figure the minister gave with reference to the reduction in principal and interest under the Farmers' Creditors Arrangement Act, can the minister give a rough idea what percentage that amount would be of soldier farmers' debts?

Mr. CRERAR: No.

Mr. DOUGLAS (Weyburn): What percentage would the reduction represent?

Mr. CRERAR: I cannot give the hon. member that information at the present time.

Mr. REID: A few moments ago the minister said that only two per cent of the settlers were in the expeditionary force. In a return tabled last year it is shown that there are 10,668 soldier settlers, 5,783 civilian settlers, and 1,825 families under the British family scheme. Is the minister correct in the answer he gave?—because I take it that the segregation indicated in these figures shows that 10,668 were actual soldier settlers, and that is over fifty per cent.

Some hon. MEMBERS: No, no.

Mr. REID: Well, the total figure is 18,276, and the soldier settlers number 10,668; that is certainly over fifty per cent. The minister's observation was that only two per cent of the settlers had belonged to the expeditionary force.

Mr. DOUGLAS (Weyburn): No—of the total number.

Mr. CRERAR: Of the total number of the enlisted force in Canada for the great war, only about two per cent are at present soldier settlers.

Mr. REID: That is one way of putting it, but it would be fairer to say that there are still over 10,000 soldier settlers, or fifty per cent of the settlers under the act. It is not quite fair to segregate the number so as to show the percentage of those who enlisted. These soldier settlers are the ones who took advantage of the act at its inception.

I do not think hon. members are quite fair when they mention the Farmers' Creditors Arrangement Act, because not long ago there was introduced in the house an amendment which will permit any province making application to come out from under the provisions of the act. A province such as Ontario, or in fact any other province, may say, "We do not wish to be under the Farmers' Creditors Arrangement Act," and without any thought whatsoever of soldier settlers. Personally I am against the principle of one part of the government saying, "We are not going to give you further relief, but if you go somewhere else you will get relief there." That is not a good principle. As has been well said, one has to show he is bankrupt before he can come under the act. Many ex-service men have made every effort to pay up so that they can obtain the dollar for dollar benefit; but since their creditors are paid up, how can they say they are bankrupt. We are actually penalizing thrift.

Mr. PELLETIER: Even if the department, as the minister says, are administering the act as sympathetically as possible, it is still possible to overlook some kinds of relief of which they could avail themselves. I am referring to the old taxes which were wiped off, as the minister said, by mutual agreement between individuals and the government of Saskatchewan, to which those old taxes were due. The government of Saskatchewan had in turn borrowed this money from the federal government, which was finally called upon to pay out the sum of $18,000,000 to the government of Saskatchewan in order that these voluntary agreements might take place. The soldier settlement board could have made representations to the government of Saskatchewan on behalf of the soldiers, so that they might keep their land, with the old taxes cancelled. If that had been done it would not be necessary at this time to provide for payment of taxes. It might be possible to do that in the future. If the soldier settlement board had taken advantage of the provision which was made at that time on behalf of the individual farmers, they might also have obtained the relief which was given to all other farmers in Saskatchewan in connection with the reduction of debt. I bring this to the attention of the minister because I believe it should not have applied only to one class of individuals. Simply because some were soldier settlers they should not have been debarred from taking advantage of this debt reduction. I strongly urge the minister to recommend that the soldier settlement board get into touch with the government of Saskatchewan with a view to having these old taxes cancelled, in the same way that other citizens have had their taxes cancelled at other times.

Mr. FINN: I followed the observations of the hon. member for Weyburn, in which he pointed out that, as regards the requirements

of the west, particularly his own constituency of Weyburn, he did not want it understood that he was in favour of discrimination as against the east or British Columbia. Before this government decides to grant millions of dollars to any particular part of Canada, it should be prepared, particularly the ministers from the east, to see that we get more than the lopped off branches which would be left after hon. gentlemen from the west get everything they desire for themselves. Our leaders from Nova Scotia, New Brunswick and Prince Edward Island should be prepared to take this stand. I am not objecting to the necessary expenditure of money to alleviate conditions in the west, but I think it is only fair that something should be done for the people of the east who are suffering great hardships through unemployment and other conditions, in many cases having little or nothing to eat. I say this in all seriousness. I was surprised this afternoon to hear a minister from my own province, the Minister of National Revenue (Mr. Ilsley), move a resolution for the expenditure of $15,000,000 for seed in the western provinces.

Mr. ILSLEY: That is a guarantee.

Mr. FINN: I suppose if we could get $15,000,000 down in the maritimes we would have no trouble to get somebody to guarantee it. The point I am trying to make is that there seems to be no direct action taken by the ministers from the maritime provinces, and particularly the minister from Nova Scotia, to see that we get an equitable allotment. Nova Scotia is the oldest province in Canada. She was one of the first, together with New Brunswick, Quebec and Ontario, to enter confederation, against her will, but is now satisfied to remain with the confederacy. But, Mr. Chairman, she will not be content to remain there unless she is given a fair and equitable share of the moneys of Canada. We are not asking for the expenditure of one dollar that we cannot defend. I suggest to the Minister of Mines and Resources, who is leading the house this afternoon, that he suggest to the government that when vast sums of money are being expended for certain provinces at least some intimation should be given as to what is to be done for the eastern section of this country, namely, Ontario, Quebec and the maritimes. Until that is done I am afraid there will be a wide gulf between us and there will be longer consideration given to these measures in debate than some hon. gentlemen expect.

Mr. DOUGLAS (Weyburn): I want to say just a word or two with reference to the cancellation of interest where there has been no crop. The minister says that the chief objection to this is that it would be discrimination in favour of one district as against another. I should like to point out to him that the dollar for dollar scheme, with which I am in agreement, also provides local discrimination. It discriminates in favour of the man who has a crop.

Mr. CRERAR: That may be, but there is no discrimination under the law.

Mr. DOUGLAS (Weyburn): If a man has a crop, for every dollar he can put in he gets another dollar, but the man who has not been able to raise a crop is not given this help. In view of the fact that you are helping the man who has a crop by giving him dollar for dollar, there should be no objection on the part of those people who would be benefiting by that piece of legislation if assistance were given to the man who has no crop. At least in those years when he has no crop he should not be called upon to make interest payments. If we are going to help the man who has a crop, we should be prepared to help the man who has none. I do not think that would be discrimination, any more than it would be favouring people who are a little more fortunate than others.

The minister also said in connection with the cancellation of interest that the farmer could benefit under the Farmers' Creditors Arrangement Act. If that be true, and it is true in certain provinces, what will happen if in the near future boards of review are not allowed by proclamation to take any more applications in certain provinces? If we are to judge from a bill now on the order paper, that is what will happen. The Farmers' Creditors Arrangement Act will not be operative in certain provinces. Does this mean that the discrimination of which the minister speaks is to be in effect against soldier settlers who might come in under a voluntary scheme such as was arranged last year in Saskatchewan? If the board of review is not in operation in that province, a man might find his interest payments continuing whether or not he had a crop, and they would continue to pile up until in some cases the total amount due would be more than the amount he had originally agreed to pay. Perhaps the minister would give serious consideration in the near future to doing something along this line.

Mr. MacLEAN (Prince): I have one case I should like to bring to the attention of the committee. I understood that these matters were to be discussed when the estimates were

before us, but now that the discussion has taken a wide range and our western friends are urging that certain concessions should be made to the people in the drought area of Saskatchewan, perhaps what I have in mind can be brought forward.

A man who had served overseas returned and purchased a farm for $5,000. He continued to farm that land for a number of years and finally reduced his debt to something like $1,100. If he had been able to raise that amount he would have had his farm free of debt, but he became completely discouraged and turned the farm over to a brother, also a returned soldier. Four boys from the one family served in the war. The soldier settlement board stepped in this year and got an order of the court to eject the soldier. The brother has to step out and give up this farm upon which thousands of dollars have been spent. This seems to me to be rather a hard situation. They claim that they cannot raise the money because of the action of the farm loan board not being willing to loan money on the soldier settlement board farms and also the provisions of the Farmers' Creditors Arrangement Act. These two pieces of legislation make the borrowing of money most difficult and these men have not been able to obtain a loan. There is nothing for them to do but go out and leave this property after having spent $3,000 or $4,000 on it.

I just want to point out to my western friends that they are not the only ones who are suffering. We made a plea for this man on the ground that there had been almost a complete crop failure in that section of the country. For the first time in the history of the province they have had to bring in feed for stock and seed grain in order to tide over the people. I have just been speaking to the Minister of Agriculture (Mr. Gardiner) about this matter. I join with some of my friends from eastern Canada in voicing a slight protest in this house. When a claim is presented by our friends from western Canada it is given immediate consideration, but the attitude toward this situation in Prince county is that it is not of sufficient magnitude for the federal government to step into the picture; that the local government should be able to handle it. The man I speak of is a returned man, and his is not the only case by any means. He had no crop last year, and nothing to put in the ground this year, and he failed to get much sympathetic assistance from the departments here but it was true he failed to meet his payments regularly. I understand that the local government is able to guarantee the loans at the banks to enable those in this position to get seed and carry on their operations, but we would certainly appreciate a little assistance if this western grain is to be shipped all the way down by rail from western Canada at a reduced freight rate. The people of my province, and particularly of the section I have spoken of, would greatly appreciate some assistance.

Mr. COLDWELL: Might I say in reply to the hon. member that we of western Canada realize that we are discussing a matter for all Canada, and we are speaking of the conditions we know best when we speak of western Canada. I noticed from the figures of abandonments that have been made from time to time under the British and civilian and soldier settlement schemes that there were 1,072 abandonments in the St. John district, as compared with 1,611 in Calgary, which would indicate that the whole matter needs to be considered in a much more realistic way than it has so far been considered. I have before me, for example, a statement showing that there have been 14,480 abandonments, quit-claims, and so forth, by soldier settlers, civilian settlers and British families from the inception to November 30, 1937. The original number of soldier settlers was 25,017, and the present number is 9,888, so we can see the tremendously high proportion of abandonments. I believe that this legislation, while necessary so far as it goes, does not meet the actual conditions, and the minister and the department and the government should consider this whole matter more realistically than it is being considered at the present time.

I am fully aware that conditions in Ontario are not good. I have a letter, for example, from the municipal chapter of the Imperial Order of the Daughters of the Empire of Toronto, in which, having observed that I spoke on this matter the other day, they draw my attention to the deplorable condition of settlers under these schemes in northern Ontario. Then only a few moments ago we heard from Prince Edward Island. And so, while each of us speaks of conditions that we know in the province from which we come, it is quite obvious from the figures of the department itself that a much more realistic stand has to be taken in connection with this whole matter than is indicated by this legislation. As a matter of fact, forty per cent of the total settlement has been abandoned already, and many of the settlers who remain are remaining there because they do not know what to do if they get off the land.

Mr. FAIR: Perhaps I am a little closer to the soldier settlement problem than some hon. members who have discussed it. I am living on a farm out there and have done so for the past twenty-four years. I do not speak as an arm chair farmer; I think those who farm from the arm chair or the office do not know the conditions that exist and the circumstances under which the soldier settler has to get along. I am not speaking simply for the soldier settlers of Alberta or Saskatchewan but for the soldier settlers all across the dominion.

From the inception of this scheme there were in all 25,017 settlers. A number of the men who took up farming were office men who went to work on the land without any previous experience in farming. When those who have had a life experience in farming are not able to make a living at it, we can appreciate how much harder it is for the man without experience.

In a number of cases soldier settler deals were made more for the benefit of somebody's friends than for the benefit of the soldier himself. I have in mind a half-section of land with some stock and implements, not very far from my own farm, which was sold for $8,000. That farm is subject to frost, and while the settler has done his best during all the time he has been on the land, at the present time he owes $13,000 on an original investment of $8,000, and he has paid out what he could since he bought the land in 1919.

The average original loan to soldier settlers was $4,155. As I said before, these loans were taken advantage of by somebody's friends rather than the soldier settler. We know that several poor farms were sold to settlers, and that balky or unsound horses, poor cows and poor second-hand machinery were turned over to settlers at prices that should have bought the best in each class.

At the end of December, 1937, gross advances on loans amounted to $110,945,926.08, and interest charges $30,643,796.76, or a total of $141,589,722.84.

Up to that time the soldier settlers had paid back in principal $37,161,859.12, and in interest $18,996,161.88, or a total of $56,158,021. In addition there were legislative reductions as follows: In principal and interest, $28,351,653.41; losses on resale of security principal, $17,612,419.28, making a total of $45,964,072.69. That does not include loss of interest on resale, the figures for which are not available; nor does it include interest on the 1922 amendment to the act, which is estimated at $10,269,108.87.

Having passed through this period of depression or oppression, whichever you like to call it, from 1929 down to the present time, we find that from January 1, 1931, to December 31, 1937, interest charges on soldier settler loans amounted to $11,606,721.53. Of this amount $3,701,399.79 was cancelled, leaving a total of $7,905,321.74. To this must be added the cost of administration for this period, amounting to $3,445,324.86, or a total of interest and administration costs for the seven years of $11,350,646.60.

Mr. CRERAR: May I ask what the hon. member is reading from?

Mr. FAIR: From information supplied by the minister's department.

Mr. CRERAR: My hon. friend, I regret, has still failed to make himself clear. Is he reading from a return brought down to the house?

Mr. FAIR: No, I got it direct from the department. I am giving these figures because in my opinion the legislation under discussion is not adequate. The figures I have given are amounts charged up and we find that the payments during the period amount to: Principal, $5,501,726.83, and interest $4,350,389.93, or a total of $9,852,116.76, which is less than the amount of interest and administration charges during that period.

Coming to the year 1937, we find that the interest charged amounted to $1,280,956.06. The amount cancelled was $548,880.34. That left total interest charges of $732,075.72. Administration costs were $558,390. The total was $1,290,465.72.

The total amount paid in the calendar year 1932 was: Principal, $779,743.04, and interest $644,519.78, or a total of $1,424,262.82, which is very little more than the amount of interest and administration charges.

From the inception of the scheme to the end of March 1937, interest charges amounted to $30,643,796.76; administration costs for the same period, $23,765,179.70, or a total of $54,408,976.46. We find that the total amount of principal and interest paid since the inception of the scheme is $56,158,021, or approximately one and three-quarter millions more than the total amount of interest and administration charges.

The original amount of the loan was $4,155. At the end of March 1931, the average settler owed $2,311, or still fifty-five per cent of his original loan. At the end of December 1937, he still owed $2,271. That is to say, there was a reduction during the seven year period of $40, or a net decrease of about $6 per annum after the settler had

supported his wife and family. At the end of December 1937, the settlers were in arrears, principal $5,475,608.29 and interest $5,394,202.12 or an average of $1,101, which is approximiately fifty per cent of the amount the average settler still owes on his land.

I do not know how long these settlers will have to continue working in order to clear their farms. When the recruiting officers were around the country in 1914 looking for soldiers they told the recruits that when they came back Canada would take care of them, but we find that the settlers are now taking care of some of our Canadian citizens and some citizens in other countries instead of Canada taking care of them. During the years following the inception of the scheme conditions were so bad that the government saw fit to reduce the debt in 1930 and I suggest that they should realize by this time that conditions since 1930 have become so much more serious that another drastic reduction is necessary.

About a year ago several members of this house had a communication from the Soldier Settlers' Union, with headquarters at Lloydminster, Saskatchewan, requesting that certain concessions be made so that if possible the soldiers might be enabled to get out of debt in the near future. Some of the recommendations were:

1. That our total debt be as it stood after the 30 per cent reduction and henceforth be a non-interest bearing debt. All payments made since that time to be applied to principal.

2. In the event of the death of a settler, clear title be given to his widow or dependent next of kin.

3. A complete revision of the present collection policy of the department.

4. A plan devised whereby settlers will be enabled to pay off their loans and at the same time maintain a reasonable standard of living.

* * * *

Legislation has been enacted to bring the officials of the soldier settlement department under the civil service, thus providing pensions and security for their old age. Brigadier General A. Ross, C.M.G., D.S.O., in presenting the case for these officials based his appeal on the grounds of their war service followed by their faithful service in the department after the war period. The soldier settler had war service also and were it not for the settlers there would be no department of soldier settlement, yet the settler has no security for his old age, but is instead faced with hopeless and increasing debt.

It would seem that the men for whom Brigadier-General Ross is speaking are enjoying a good living at the present time while the settlers are being treated in such a way as to suggest that to him that hath shall be given, and from him that hath not shall be taken even that which he hath. The officials of the Soldier Settlers' Union believe that their requests are very moderate and I am inclined to believe that if the government will survey the whole case of soldier settlers they will realize the importance of taking drastic action at this session. Last session we expected that something would be done but, in view of the coronation on May 12, this subject was pigeonholed. I hope that the minister and the government will now do something worth while for the soldier settler.

Section agreed to.

On section 2—Time extended for credit on payments of arrears.

Mr. NEILL: I propose to oppose the passing of this section with all the vigour that the rules and decency of debate will permit. Unfortunately the method of presentation of this bill has been such as to convey an impression which I know is quite foreign to the character and intention of the minister—the impression of concealment. I say that quite sincerely. I know the minister is not responsible, but the method by which the bill has been presented has given that impression. When something is brought down by way of resolution in this house and goes out to the public meaning such and so—because after all the English language is interpretable generally along one line—and then when the bill brought down means something entirely different, this promotes dissension. Had the measure brought down given the soldiers concerned more than the resolution indicated there would have been no trouble; but when the legislation provides much less than the resolution indicated, this makes trouble for everyone. I think a large proportion of hon. members and certainly a large number of people throughout the country took from the resolution the meaning which I did, and which indeed its language conveys. This is how it reads:

. . . and to provide further that the period during which payments of arrears or instalments at present subject to bonus privileges may be made, be further extended.

It does not say extended to the extent of twelve per cent; it says "be extended." To the ordinary man on the street that means extending it to the same extent as it was before. I think we are in a sense flouting the governor general's recommendation in this. He recommended certain legislation, but we are doing something else. If logic and argument do not prevail I might think it worth while to move a point of order, that

this bill is out of order inasmuch as it does not conform to or is not based upon the resolution as introduced. But let that go for the moment. The minister appears to have trusted a good deal to some conversation he had with someone as to what the legion at their convention thought about the matter. I hold in my hand the February number of the Legionnaire, on page 11 of which is a list of the resolutions, "some of the most important resolutions dealt with," and among them is, "that the dollar for dollar bonus be continued to soldier settlers." That means that it be continued, it does not mean that eight or ten or twelve per cent of it be continued.

Then again we find the minister saying, as reported on page 998 of Hansard, that, after all, things were not so bad; that it is a nice world anyhow, and that the soldier could get relief under the Farmers' Creditors Arrangement Act. But we have just passed an act making it possible for any province, apparently at the suggestion of the province, to do away with that act. So that is rather a broken reed.

Mr. CRERAR: Not necessarily at the suggestion of the province.

Mr. NEILL: Well, I do not know at whose suggestion; the suggestion of the dominion government, then.

Mr. CRERAR: Yes; the Farmers' Creditors Arrangement Act in its application may be suspended or terminated in any particular province by proclamation, but that would only be after all the purposes of the act had been in effect fulfilled. Every person who had made application for adjustment of his obligations under that act would still have his application considered.

Mr. NEILL: According to the language used in the debate, especially by hon. members from Ontario, the desire seemed to be to have that act cancelled at once. That certainly was not consulting the people who wanted to come under it; some hon. members seemed to be more concerned with those people who would be affected from the creditor's point of view. But we have passed an act making it possible for the dominion government at a moment's notice to cancel that act, and therefore the relief that the minister indicated the settlers might get in that way is extremely visionary.

There are two objections to this section, apart from the method of bringing it in, which could perhaps be remedied by taking the bill out and bringing in another resolution. But the two fundamental objections to this bill wherein it is unfair to the settler, are these: The old dollar for dollar bonus was allowed to any settler, whether he was in arrears or not when he made a payment on account of his indebtedness, be that indebtedness back interest or back instalments, or current interest or current instalments; he got $2 credit for every $1 he paid. And that is what the soldiers and settlers thought they were going to get when they saw this resolution brought down. Now it appears that they are going to get not that, but something which may apply to approximately one-third of them. Then there is a further deduction which I shall deal with in a moment. But the first patent injustice, as it seems to me to be, is that the bill is going to apply not to all settlers, but only to a limited few, somewhere about one-third. A man who scraped and saved and took the money out of the children's bank or the money his wife had inherited to pay right up, with some idea of pride, thinking, "For once we will show the government that I have paid up"; the man who paid his obligations right up to date, is not going to get any more relief. But the man who said, "Oh, well, the government must carry me. I will go and buy a car, or a radio, and let some of it lie back," is going to get the benefit of the dollar for dollar system. That is a wrong state of affairs, because it puts a premium on the man who hangs back and does not do what he can, something which we have not hitherto done in these transactions.

Well, that was bad enough. However, for the moment we swallow that; we have to. But there is a further thing which I noticed only to-day—and I must compliment whoever drew the amendment upon the subtle way in which it is worded. You do not see the nigger in the wood-pile until you study not only the language of the section itself but the explanation on the opposite page of the bill. You will notice it says:

> The total of bonusable indebtedness is not increased.

Why do they not say it is going to be very largely decreased? Why not be frank? Then they go on to say "as heretofore," which means, "as before", or "according to what has been done in the past."

> As heretofore, only such amounts as were due and payable before April 1, 1938, may be repaid on the bonus basis.

It is true they say, "due and payable before April 1, 1938"; but they use the words "as heretofore."

Now a further detriment to these unfortunate people who come within this abbreviated and curtailed bonus system is this: A great many of us thought they would at least

continue to get the same advantages as under the old system. Does the explanation not say, "as heretofore"? They were allowed to get dollar for dollar for everything they paid on arrears of interest or capital or instalments due. One would think the settlers who were going to get this advantage would get that advantage too. But this is not so. You find that they get the dollar for dollar bonus only on the payment past due April 1, 1938. On the payment due in April or October, 1938, although the payment for April may be in arrears, they get no rebate. So that the amount we are giving them is very small indeed.

I am going to test the feeling of the committee—more to put the matter in concrete form so that it will be seen what it is and what it should be—by moving the following amendment:

That after the word "arrears" in line 1 on page 2 the words "or of any instalment" be inserted, and in the second line the figures "1938" be struck out and the figures "1941" be inserted.

So that it would then read:

73 (1) Any settler or person indebted in respect of any contract or agreement made prior to the first day of January, 1933, under the provisions of this act, who after the thirty-first day of March, 1933, makes payment on or before the thirty-first day of March, 1941, in respect of any arrears or of any instalment due and payable before the first day of April, 1941, shall, subject to the provisions of this section, receive credit toward payment of such arrears for a further sum equal to the payment made.

I think that carries out the absolute spirit of the resolution as introduced, at least as we read it, and also the spirit of fairness as regards the past, as well as having regard to the possibilities of the settlers; for, as someone said just now, we are talking about whether the interest on taxes paid and insurance should be seven per cent or five per cent, but what does this matter, when you are not going to get it anyhow, or have to cut it down very seriously? This would keep alive the promises made by the minister two years ago when he introduced this. I raised the question then of extending it for five years, and he said no; two years was enough, and if the same conditions prevailed two years later he would again renew it. This has not been done, though to all intents and purposes the conditions are the same. I shall move that amendment, just to put the matter in concrete form in order to show the difference between what is in this bill and what, in my humble opinion at least, should be in the bill.

[Mr. Neill.]

Mr. CRERAR: I cannot agree with the position taken by the hon. member for Comox-Alberni. The adequacy—or inadequacy, which my hon. friend thinks is the better term—of the resolution was pretty well discussed when the resolution was before the house.

Mr. NEILL: It was discussed but it was not explained.

Mr. CRERAR: I have gone further into the matter, and there is no doubt in the opinion of the law advisers who drafted the resolution that it is full enough and broad enough to cover the bill which was introduced subsequent to the adoption of the resolution by the house.

Mr. NEILL: But the bill does not cover the resolution. That is the trouble.

Mr. CRERAR: My hon. friend is now rather reversing his position. At first he stated that he was criticizing the resolution.

Mr. NEILL: Oh, no.

Mr. CRERAR: I do not, of course, wish to misrepresent my hon. friend, but I submit that the resolution is in conformity with the bill; or I shall put it the other way, that the bill is in conformity with the resolution. At the same time I admit that probably the resolution might have been a little more clearly drafted, but I would direct the attention of the committee to the wording of the resolution, which states:

That it is expedient to amend the Soldier Settlement Act for the purpose of reducing from seven per centum to five per centum the interest rate charged on certain repayments to the board of taxes and insurance premiums paid by the board in respect to soldier settlement lands in case of default on the part of the settler—

This is the important part:

—and to provide further that the period during which payments of arrears or instalments at present subject to bonus privileges—

That is, in connection with all those arrears of interest or instalments of principal which up to the 31st of this month are subject to bonus privileges, the bill proposes that the soldier settler who has not been able to take advantage of that provision may have an opportunity to do so within the next three years. I think that is quite clear. As I said a moment ago, it may be that the resolution could have been more clearly drafted, but I submit that it is sufficient for the purposes of the bill.

May I direct the attention of the committee to one other point. The hon. member for Comox-Alberni drew in contrast the picture of the returned man who had been frugal and saving, and who had made his payments.

Well, he obtained the advantage of the dollar for dollar bonus privilege up to March 31, on all his payments and all his interest arrears. That fact cannot be disputed. It is equally true that, if this legislation passes, he does not have that privilege beyond March 31. Now take the case of the other man, at the other end of the stick, who perhaps may have been in a position to take advantage of the dollar for dollar bonus privilege but who bought a car or went on a trip or did something else instead. In connection with those portions of his payment in arrears, both principal and interest, up to March 31, he can still claim the dollar for dollar privilege, but he cannot get that bonus on the payments that fall due after March 31 of this year. So in that respect he is on precisely the same footing as the frugal soldier settler who sacrificed creature comforts, let us say, in order to take advantage of the bonus. This does not discriminate as between them; it simply extends, very largely because of the drought condition in western Canada, to those soldier settlers who, because of crop failure, sickness or some other reason, have not been able to take advantage of the bonus privilege up to the present time, the opportunity to do so for another three years. I submit to the committee that this is reasonable and fair legislation.

May I add one further word. It is comparatively easy to exhibit a generous attitude of mind as far as the returned men are concerned. I find no fault with that, but I think the consensus of opinion—I am taking reasonable opinion in Canada—not only among our civilian population but among the vast returned soldier population, is that the returned soldiers have not asked and are not asking any special favours, except in the occasional odd case that one may expect to find. What they want is reasonably fair treatment, and I again point out to the committee the fact that I mentioned a little earlier in the afternoon. The returned soldiers who settled on the land, who took advantage of the offer of the government during the period immediately following the war, in a sense have been in a preferred position as compared with other returned men.

I recall the purpose of the legislation passed at that time. The hon. member for Comox-Alberni was not in the house when this legislation was passed. I was in the house, and I recall the discussion that took place. There was a good deal of opposition to the establishment of this system of returned soldier land settlement. At that time it was pointed out by some hon. members that precisely the evils or the difficulties which have arisen in the course of administration would arise. It was pointed out that there would be perhaps a very small minority of returned men who would feel that the country ought to do everything possible for them. But for good or for ill the plan was adopted. The vast majority of those who joined the Canadian expeditionary force, according to my information almost ninety-eight per cent, have not benefited through this soldier settlement scheme. There were numerous instances—I think every hon. member knows of them—of returned men who established themselves without the advantage of any assistance. Perhaps they were more enterprising; perhaps they had more of the spirit of independence and self-reliance, which unfortunately I think is going into a decline in this country to-day, than those who took advantage of the settlement scheme. Is it to be opened up so that those men will get some advantages also? Take the man who established himself in a small business. He has not had assistance from the government. I think on the whole this legislation and its administration must be tested on the basis of whether or not the treatment of the returned men who went on the land has been fair. I believe the whole record, from 1920 down to the present date, supports the view that it has been fair.

Mr. NEIL: Up to date, yes.

Mr. CRERAR: I think that is the view of the great majority of returned men. The hon. member for Comox-Alberni quoted from a journal as to the opinion of the legion respecting the extension of the privilege right across the board. I have not the resolution with me; but my information is—and I think it is correct—that the legion at its recent meeting at Fort William, passed a resolution which was practically on all fours with the principle embodied in the present legislation. For that reason I regret I cannot accept the amendment of the hon. member for Comox-Alberni.

Mr. GREEN: As I understand the matter, the effect of the bill is that there will be no dollar for dollar bonus on any payments falling due after April 1, 1938.

Mr. CRERAR: Correct.

Mr. GREEN: But there will be a privilege given to those who are in arrears with payments already due of making those payments on the dollar for dollar basis until April 1, 1941?

Mr. CRERAR: Yes, they have three years in which to do so.

Mr. GREEN: I believe the dollar for dollar bonus was initiated in 1933. At that time it was intended to last for a period of three

years. Then, in 1936 this parliament passed an amendment extending the time for a further two years. It seems to me the test as to whether or not that period should now be exended again is this: What are the conditions in agriculture in Canada at the present time? This afternoon we have heard about distress in the prairie provinces, in Prince Edward Island and in northern Ontario. I know there is great hardship among some of the soldier settlers in British Columbia. Suggestions have been made that the soldier settlers should take advantage of the Farmers' Creditors Arrangement Act which, after all, is not as satisfactory a procedure as getting consideration under the Soldier Settlement Act. We have also heard the suggestion made that interest should be waived, and that other concessions be made.

I put it to the minister earnestly that conditions in Canada are not yet ripe for cancelling the dollar for dollar bonus. We have not yet reached that stage. I suggest to him that although he may not accept the amendment of the hon. member for Comox-Alberni, he should himself bring in an amendment to the act which will extend for a reasonable period the time during which the soldier settlers may take advantage of the dollar for dollar bonus.

Mr. PELLETIER: The hon. member for Comox-Alberni stated what, in my opinion, is a definite and true fact. It was my intention to bring the attention of the committee to the wording of the bill. I am inclined to think the impression has gone abroad that people were going to take advantage of the dollar for dollar bonus. It would appear that the purpose of the bill is simply to give an opportunity to those people who have arrears due to take advantage of the measure. The individual whose instalments will be due later on will not enjoy the same privileges. I cannot understand why a man whose payments come due a year or two after the amendment comes into effect should not have the same privilege as one whose instalments are already due. As one hon. member has said, conditions in Canada do not warrant discrimination of this kind simply because of the dates upon which payments may fall due.

I support the view taken by the hon. member for Comox-Alberni, and I believe that in this measure the government is not meeting the desire of the people, and is not meeting what the people were led to believe they could expect on the passing of the legislation. Therefore I strongly support the hon. member for Comox-Alberni.

[Mr. Green.]

Mr. McLEAN (Melfort): When the measure was before the house on another occasion I protested against the way in which the resolution had been drafted, and the way in which it was being interpreted. However, the resolution was accepted, and the legislation is now before us. I still think the resolution was drawn either carelessly or craftily. I do not know which term to use.

I hold in my hand figures which will illustrate what I mean by saying that many men had paid up their instalments, with considerable difficulty to themselves, and that others who had not paid and who were living in the same district were now going to have the benefit, over a longer period of time. This means that they will be able to have the use of money, for their own purposes, over a long period of time, at the expense of the government.

In three subdistricts of northern Saskatchewan with which I am familiar, and which I believe beyond the shadow of a doubt were the subdistricts in the best condition of any part of that province last year, the total, including arrears, due last fall, amounted to $314,380.33. The actual payments made totalled $41,255.01, or about twelve and a half per cent of the amount due. The number of settlers with payments due stood at 546. Of that number I find that 138 paid in full and that 161 paid in part. It would appear, therefore, that almost one-quarter of the settlers with accounts due paid in full, and nearly one-third paid in part. But by that number, comprising almost two-thirds of the settlers with payments due, only about one-eighth of the amount of money due was paid back. So that those who did not pay anything owed the great bulk of the $314,380.33. This condition has been going on for some time, and these people have had the use of the money. They live in the same district with the 138 people who paid in full. That money has been in use for a long time, and for the next three years they will continue to enjoy it at a rate of two and a half per cent. I say that, because the interest having been cut to five per cent, and the bonus payments being due on a fifty-fifty basis, the use of the money will cost two and a half per cent for interest, and the principal payments due will be cut by fifty per cent.

What will be the effect on the 138 men who paid in full and the 161 who paid in part? I know they have no legal claim; but human nature being what it is, it would be too much to expect that some of these men would not say, either to themselves or openly, that they had made a mistake; that they should not have made those payments, and that those

who did make them were not faring any better than those who did not. Those who had made no payments were faring no worse because they had not made them. They were not disturbed on their land.

The last day the subject was before the house, and again to-day the minister told us that the convention of the legion at Fort William had not asked for anything more than what is contained in the legislation. That is true. I hold in my hand a copy of a resolution adopted at the seventh dominion convention of the Canadian Legion of the British Empire Service League at Fort William in January, 1938. Under the heading of soldier settlement, it states:

This convention realizing that among soldier settlers as a group there are a proportion who are in an exceedingly unhappy position in relation to their financial obligations to the board, urges the government to develop a policy which will enable them to continue to earn a livelihood on their farms notwithstanding the position of their accounts.

This convention further realizes that there are a number of soldier settlers to whom the dollar for dollar bonus has been of little assistance owing to adverse crop conditions and we would urge that this concessoin should be continued to this group or that some other means should be devised to afford them relief in lieu thereof.

The minister was perfectly right in what he said, but I do not think that resolution passed at Fort William was fair to those who in that same district had made their payments regardless of crop failure or adverse crop conditions, the term used in the resolution. These men are going to be shut out from the benefits from now on. Another suggestion was made, as follows:

Information made available indicates that many soldier settlers have secured a large measure of relief as a result of taking advantage of the Farmers' Creditors Arrangement Act, and the convention suggests that all soldier settlers should carefully examine the provisions of this act and take full advantage thereof.

At the time that suggestion was made I do not think there was any knowledge of the fact that legislation was going to be introduced in this house providing for the termination of those benefits at some date to be set in the future. If this suggestion is followed, knowing human nature as we do, we know that some men will say to themselves, "They are not going to give us any assistance by way of a fifty-fifty bonus; we cannot come under the Farmers' Creditors Arrangement Act as we are not insolvent; we do not want to go through bankruptcy; the thing to do is to refrain from making any further payments; we will use our money for other purposes and then when we become eligible for the bankruptcy court we can follow the advice given here." I find that the suggestion to come under the provisions of the Farmers' Creditors Arrangement Act did not come only from that convention held in Fort William. I hold in my hand, "The report of the Department of Immigration and Colonization including report of soldier settlement of Canada for the fiscal year ended March 31, 1935," and on page 99 I find the following:

Farmers' Creditors Arrangement Act, 1934

This act passed at the 1934 session of parliament is intended to provide a simple means whereby the debt burdens of the farmer may be adjusted to a level more consistent with the revenue producing capacity of the farm. The act makes provisions for farmers as debtors and their creditors to get together and arrange mutually satisfactory compromises and settlements.

The provisions of this act are applicable to debtors of the crown and therefore all classes of settlers under the department holding contracts with the director of soldier settlement are eligible to apply for the benefits of this legislation. The administative machinery began to function only in November, 1934, consequently it is too early to make any reliable estimate of the number of settlers likely to apply for reduction of their debt to the department or adjustment of the terms of existing contracts. To date 77 soldier settlers, ten British families and 83 civilian settlers have made application for reduction of debt or revision of terms of their contracts.

The report then goes on to deal with departmental cooperation with farmers' creditors act administration. The suggestion was made three years ago by the department that advantage should be taken of legislation which required that a man be insolvent before he could come under its terms. There is one other matter I should like to draw to the attention of the minister and the committee. I think it is to the credit of those who have spoken about the position of the soldier settler under the act, but we must not overlook the fact that to-day the majority of those concerned are not soldier settlers. I think if that fact were realized this matter would be looked upon differently. Even as early as three years ago only fifty per cent of the farms under the administrator were occupied by soldier settlers, and the percentage is less to-day. The report has this to say:

A total of 3,346 families came forward for settlement of which 183 withdrew from the scheme before receiving advances, and 1,335 withdrew after contracting loans, a total of 1,518 withdrawals. There are now 1,813 British families operating their farms under this scheme. Fifteen settlers have repaid their loans.

These lands either have been sold to civilian settlers or are still in the hands of the board.

The net result is that a large percentage of the relief and benefits to be given under this legislation will go to civilian settlers who purchased land from the board prior to January 1, 1933. Those who purchased land in 1932 at the depth of the depression and did not pay anything upon it are now able to take advantage of this legislation and obtain a reduced interest rate of two and a half per cent and a reduction in payments of fifty per cent. I do not know what anyone can do about this now, but those are the facts. This scheme was initiated twenty years ago and to-day the number of soldier settlers is only a small percentage of the total, while the original soldier settlers represent even a smaller percentage. That being the case, I suggest to the minister that this should be treated as an ordinary collection matter. It really represents money which is outstanding to the government, some of it by civilian settlers who purchased these lands. These moneys have not been paid, and it is merely a matter of collecting them in the most efficient manner. We have a farm loan board which I believe is collecting all payments that it is possible to collect. It might be a good thing for the committee and the department and the minister to consider the advisability of placing the collection of these outstanding amounts under the farm loan board. I would not suggest this to the committee if the majority of these settlers were soldier settlers, but that is not the case to-day.

Mr. BETTS: I deplore the suggestion that the dollar for dollar privilege be cut off at the present time. A few moments ago the minister said that the soldiers who had availed themselves of this settlement scheme were in a preferred position. In theory that may be so, but if the minister could see some of the farms in the district west of London upon which soldiers have been placed I do not think he would make that statement. I do not know why these farms were acquired by the board, but the fact is that they were. These lands will not produce and the soldiers who are still there are certainly not in any preferred position. They are fighting a little war of their own in order to keep body and soul together. My submission is that if this dollar for dollar bonus is cut off, we shall have more payments to make under the War Veterans' Allowance Act. In the end this will turn out to be poor economy. I urge the minister to continue this privilege until times are better.

Mr. JOHNSTON (Bow River): I should like to refer to this question of the dollar for dollar bonus as there is a group of returned men in my constituency who are in desperate need of real assistance. A moment ago the minister said that a soldier would not ask for anything that was unfair. I think that is correct, but I believe, if the minister were a little more familiar with the conditions under which some of these returned men live, he would be more lenient. I do not think the bill as it is now before us is as good as it was in its old form. Just at a time when these men need consideration, this dollar for dollar bonus is going to be cut off. It is a shame that such a step should be considered when these people need the bonus so badly. In order that the minister may have the exact words of some of these soldiers, I should like to read a resolution I received the other day. The following resolution was submitted to a meeting held on January 16, 1938, of soldier settlers on the Pope lease, and unanimously approved:

> Whereas the dominion parliament at its session in 1933, by amendment to the Soldier Settlement Act, made provision for a bonus of a dollar for each dollar paid by or on account of each soldier settler; and
>
> Whereas the said bonus terminates on March 1, 1938; and
>
> Whereas owing to poor crops through hail damage and drought, together with low prices for agricultural products, the resident soldier settlers have been unable to take advantage of the bonus plan to any extent to date; and
>
> Whereas we believe that it would be for the advantage of the dominion that soldier settler liabilities be liquidated at the soonest possible moment;
>
> Therefore be it resolved that we the soldier settlers on the Pope lease ask the dominion government to seriously consider the advisability of continuing the bonus plan for a further period of five years;
>
> That the maximum amount bonusable in any one year be the amount of the settler's indebtedness;
>
> That interest, together with arrears of interest since 1929, be waived for a like period.

There is one point to which I particularly want to draw attention, and that is that this was a resolution from returned soldier settlers and was unanimously passed. I do not think they are asking for anything too much because they are in a very serious situation. They are in the drought area. I am not so much concerned about those who are in a position to pay because they were probably of a more speculative nature, have taken advantage of the dollar for dollar bonus, and have their land cleared of debt, but surely these other soldier settlers who offered their lives in the service of their country should receive a little consideration at this time. As I mentioned a few days ago when we were discussing this matter on the estimates, surely we should not deprive the soldier

who may get a good crop next year and desires to clear off his indebtedness to the government, of the privilege of taking advantage of this dollar for dollar bonus, and getting his land clear as quickly as possible, but under the new bill he will not be permitted to take advantage of the bonus so far as new payments are concerned, because it applies only to arrears. While the extended period continues for only about two years—and of course that should be carried on—there is no good reason why it should not be continued even after the expiration of this bill. I think it would be in the interests of economy as suggested by the last speaker (Mr. Betts) that right now when people are so very hard up, especially these returned men, this dollar for dollar bonus should be continued and certainly not be cut off at this time.

Mr. BROOKS: May I ask the minister whether, in the payment of this bonus, the arrears or the current instalment must be paid first? In 1939, for example, would the soldier settler pay his arrears first, or would he have to pay the current instalment first, and then the arrears, and get credit for what he had paid?

Mr. CRERAR: If he has payments to make he can apply them on arrears of principal and interest and get the full advantage of the bonus. The worst that happens to him then is that he would be required to carry his 1939 payment, assuming that he could not meet it at five per cent interest.

Mr. BROOKS: If he has $100 to pay, he will pay that on the arrears, and get a credit bonus of $200?

Mr. CRERAR: Yes, a bonus of $100.

Mr. NEILL: Provided he has paid taxes and insurance up to date. They come first. Is that not so?

Mr. CRERAR: Not necessarily.

Mr. NEILL: I think the minister will find that that is how the scheme works out in practice, at all events. Before the man can get the dollar for dollar bonus he must have his taxes and insurance paid up to date.

Mr. BROOKS: I quite agree with the hon. member for Comox-Alberni (Mr. Neill) and others who have spoken on this bill, that conditions prevailing to-day are such that the government would be justified in continuing the same procedure we have had since 1933. The 1933 legislation was no doubt based on conditions at that time; its continuation was also based on the then prevailing conditions, and everyone who has sat in this house and listened to statements made by the western members, particularly those who come from the drought areas, or heard the hon. member from Prince Edward Island describing conditions in his province, must realize the conditions that now prevail.

The hon. member for Weyburn (Mr. Douglas) has also mentioned that a number of soldier settlers in the St. John district had to give up their farms; and in New Brunswick, principally in the potato-producing area of the province, these men have not been able to receive satisfactory compensation for the potatoes they produced, selling them at twenty-five to thirty or forty cents a barrel, while the cost of production was twice as much. In justice to the returned soldiers and to others who have these farms, this bonus should be continued not merely as regards the arrears for the past few years but also to give these men an opportunity to pay off their indebtedness. I realize, as the minister has said, that this government has been generous, and past governments have been more than generous, to the returned soldiers in this matter; but these settlers are in a more or less hopeless condition, and the government may as well realize the situation now as later and give these men the benefit of the bonus so that they may be able to help themselves in the future.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

RAILWAY ACT AMENDMENT

PROPOSED APPLICATION OF CROWSNEST PASS RATES ON GRAIN WESTWARD AS WELL AS EASTWARD

Mr. THOMAS REID (New Westminster) moved the second reading of Bill No. 18, to amend the Railway Act (rates on grain).

He said: Without going into any lengthy explanation of this bill, I may say that, in brief, it asks that the same railway rates which apply on all grain and grain products from the three prairie provinces eastward to Fort William and eastern centres shall apply to all grain and grain products from those three provinces westward to British Columbia. Inasmuch as I have brought this matter up in the house every year since 1930, perhaps it will not be necessary for me to go into it as extensively in every detail on this occasion. However, as there are many hon. members now present who were not here when similar bills were before the house on previous occasions, it might be

advisable for me again to go over some of the main arguments in support of British Columbia's appeal for equal treatment with the middle and eastern provinces in the matter of railway rates on grain and grain products.

Briefly, the history of the matter is this. In 1897 legislation was enacted whereby the Canadian Pacific Railway agreed to construct a railway from Lethbridge, Alberta, to Nelson, British Columbia. For this they received a large subsidy in money and a grant of land. In return they were to reduce the then existing railway rates eastward by three cents per 100 pounds. These rates, from that time on, became known as the Crowsnest Pass rates. As my time is limited I cannot go into a detailed history, but I may point out that in general these rates placed upon the statute book in 1897 have been maintained ever since. In 1925, however, the matter was again brought before parliament, and new legislation was passed by the house in that year confirming the Crowsnest Pass rates as established in 1897, but extending them to apply on all Canadian National and Canadian Pacific lines. The Canadian Pacific Railway gained by this move as commodity rates were taken out of the freight list. The rates on grain and grain products were left as before but they applied only to points eastward, and British Columbia was again ignored. British Columbia has contended that the people of that province are entitled to the same treatment as the people in other parts of Canada, but that, on the contrary, she has been grossly and unjustly dealt with, as I shall show presently. The unjust treatment meted out to the people of that province constitutes a grievous burden.

I am not going into a lengthy discussion of freight rates generally because I realize that this perhaps is not the place to do so; rather I shall confine my remarks to railway rates applying to grain and grain products eastward and westward. The House of Commons, having on previous occasions dealt with this very question, can and should, I submit, do so again. Before I discuss some of the injustices and anomalies of the situation, I wish to repeat what I have on previous occasions endeavoured to make clear, namely, that we have going into British Columbia the lowest grade of any railway line in any province. It appears that we from British Columbia have to repeat this statement over and over again because there are still some people who seem to think that, going through the coast range mountains to the Pacific, there are other grades to contend with. Not only have we the lowest grades but we have also the lowest upkeep expense on any portion of the trans-Canada railway—lower than in any other part of Canada. Construction costs were less and upkeep costs are lower than in other parts of Canada, as I shall show. In the sworn testimony given in 1925 before the board of railway commissioners information was given with reference to this matter. It was shown that the cost per mile of line between Kamloops and Hope, which is one of the heavy grades of railway going through British Columbia, was $133,563 per mile of 168 miles. From Montreal to Ottawa, a district all hon. members know fairly well, the distance is 111 miles and the cost was $178,614 per mile. Again, from Hope to Fraser Junction, a distance of seventy-seven miles, the cost was $51,544 per mile as against Joliette to Garnier Junction, a distance of 61·49 miles, which cost $62,394 per mile. As regards operating cost, I know that in the minds of many hon. members there is the idea that the grade through the mountains into British Columbia not only has cost more to construct but is also more costly to maintain. In the same testimony given at the time to which I have referred it was shown that the upkeep cost per mile in British Columbia was $3,825 per mile as against an upkeep cost in the prairies of $4,702 per mile.

One could take an entire evening giving data such as I have briefly touched upon, but I believe I have placed before the house enough to show that in the sworn testimony given before the board of railway commissioners it was made abundantly clear that in British Columbia construction costs were less, upkeep was less, and fewer double engines or, if I may so describe them, pusher engines are required than in certain parts of the prairies and of eastern Canada. There is no justification for a difference of between twenty and eighty per cent of increased railway rates in the west as compared with the east, and I am going to take time to quote a few of the different rates.

From Calgary to Vancouver the rate for export is twenty cents per 100 pounds over a distance of 642 miles, or 766 miles from Edmonton to Vancouver. Here I want the house to note the fact. While the Canadian Pacific railway is and has been taken as the yardstick by the board of railway commissioners, when it comes to computing the distance between the prairie province of Alberta and the province of British Columbia, they take the longer distance of the Canadian National, not the shorter distance of 642 miles, but 766 miles. They do not use the Canadian Pacific railway yardstick in that case. Of course it is to the advantage of the Canadian

Pacific railway that the Canadian National mileage is quoted from Edmonton to Vancouver.

Mr. BENNETT: Is it not the other way about? From Calgary to Vancouver is 642 miles.

Mr. REID: Yes, that is correct. The export rate is twenty cents per 100 pounds. At the moment a temporary rate has been put in, with which I shall deal later on, which allows certain varieties or grades of feed grain to be hauled at a rate of some 31½ cents; but mill feed, the greater part of which is used in feeding poultry and dairy stock, is still charged 41½ cents, from either Edmonton or Calgary.

That is the rate westward on grain. Let us now see what the rate is going east. From Calgary to Fort William the distance is 1,242 miles. The grain rate for that haul is twenty-six cents. Strange to say, it is only when grain is going west that the railway companies differentiate between domestic and export rates. Grain leaving Calgary and Edmonton for Fort William and other points east is simply grain; in most instances there are no two rates. From Calgary to Montreal, a distance of 2,221 miles, the export rate is fifty cents, as against forty-six cents for domestic. From Calgary to Quebec, 2,215 miles, the rates are the same, fifty cents for export and forty-six cents for domestic.

Mr. BENNETT: Is it not the other way about, the cheaper rate for export?

Mr. REID: To some points in the east the domestic rate is lower than the export rate. From Fort William to Montreal, a distance of 995 miles, the rates quoted to me are twenty-four cents for export and only twenty cents for domestic. There were some exceptional rates put in there, and in some instances the domestic rate was really lower than the export rate, for reasons which I think will be explained by the minister. These figures were given to me by officials of the board of railway commissioners.

Now how does that work out? From Calgary to Vancouver the rate per ton per mile works out at ·654 cents as against the rate from Calgary to Fort William of ·418 cents. Or if you take the rate per 100 pounds per mile, from Calgary to Vancouver it is ·0327 cents as against a rate from Calgary to Fort William of ·0209 cents. The rate per ton per 100 miles—100 miles being the usual day's run of a train—is 65·4 cents from Calgary to Vancouver, and only 41·8 cents from Calgary to Fort William. The export rate to Vancouver as compared with that to Fort William is one-half cent more per mile. I mention that because it is often said that the twenty cent rate, which is the export rate from Calgary and Edmonton to Vancouver, is equal to the rate from Calgary and Edmonton to Fort William. These figures which I have just given disprove that statement, showing that even on grain for export British Columbia does not enjoy the same rates as the east, let alone the domestic rate.

I now mention one or two other rates to show the difference between east and west. From Windsor, Ontario, to Saint John, New Brunswick, the distance is 1054·6 miles and the rate is 18½ cents. If you were shipping the grain the same distance to Vancouver or New Westminster, the charge would be twenty-four cents. From Goderich, 962·6 miles, the rate is 18½ cents, while westward the same distance, from a place called Rusylvia, Alberta, 961·4 miles, the rate would be twenty-four cents.

One could take up considerable time placing before the house rates from various centres throughout Canada, but I think the few I have given amply demonstrate what I am endeavouring to bring out, that is that the rates westward are anything from twenty to eighty per cent higher than the rates eastward from Calgary and Edmonton. In passing may I point out that the railways seem to have a most idiotic rate structure, operating to the disadvantage of British Columbia. If one wants to ship butter or eggs from Vancouver or New Westminster to Calgary or Edmonton, a certain rate will be charged, but the farmer shipping similar goods from Edmonton or Calgary to New Westminster or Vancouver would have a cheaper rate. It is like charging a passenger so much for going in one direction, but charging him a different fare when he returned. I mention that to substantiate the argument I am making, that we in British Columbia are carrying an extremely heavy burden in the matter of freight rates. British Columbia is not asking for special treatment, and would any hon. member maintain that British Columbia should be forever discriminated against?

In arguing before the board of railway commissioners when counsel for both railway systems were present, I asked this question: Does the export rate on grain from the prairie provinces to British Columbia pay? No answer. Neither counsel would answer that question. I was hoping they would. If it does pay, why should they charge the people of British Columbia twice that rate for their domestic grain requirements? Again, if it does not pay, should the people of British Columbia be called upon to bear that load,

while our competitors in countries like China, Japan and elsewhere receive good Canadian grain at half the freight cost at which we who live in British Columbia can get that same grain?

I now put to the house just what this means to the people of British Columbia. It is estimated by those who claim to know that five bushels of grain are consumed annually by the average individual, either in the form of flour—and including, of course, oatmeal too—or cereal. If we take the population of British Columbia at some 700,000 people, this means that they would consume 3,500,000 bushels of grain, equal to 160,000 tons, on which they are charged twice the rate paid on flour and grain going to New Westminster or Vancouver for export. This means that for many years past the people of our province have been paying $415,000 more annually for their flour and grain requirements than the people in the eastern and central provinces have paid.

There is close to my own home one cooperative organization of which I have some knowledge. I should like to show just what it would mean to them if we could purchase our grain requirements as cheaply as people in China or Japan can. They have a membership of some six hundred persons, and they are out to buy for their members grain as cheaply as possible. Each year there is a dividend declared, so it cannot be said by the minister or anyone else that if freight rates were lowered the saving would not be passed on to the consumer, because in this cooperative organization they do pass on the profits to their members. Last year they purchased over five thousand tons of grain for their members. If the Vancouver basis had been in force on 5,083 tons at 20½ cents per 100 pounds, they would have paid $20,840. Instead, on 3,646 tons they had to pay at the rate of thirty-one cents per 100 pounds, or a total of $22,969, and on 1,437 tons at the rate of 41½ cents per 100 pounds, a total of $11,927, or a grand total of $34,896. Even with the rate of thirty-one cents per 100 pounds on feed grains, which is a temporary rate, the members of that organization saved a great deal of money last year, namely $14,056.

Let me go further; I should like to point out what this would mean to the poultrymen. The figures in regard to the dairymen are harder to compute, but I have the details in regard to the poultrymen. If the people of British Columbia could obtain their grain at the export rate, it would mean a saving of twenty-two cents on each laying hen they have on the premises. Let me point out in passing that British Columbia is the greatest egg-laying province in Canada, and on the average flock of five hundred birds this would mean a saving of $110 per year. The peak year was 1928; each year since that time men have been going out of the poultry business, so that to-day I do not think there are more than thirty per cent of the poultrymen in business that there were some four or five years ago. Not long ago I had a letter from a man in Nakusp who ordered a ton and a half of feed grain from Vancouver. He sent me the bill he received from the railway company. The distance is 443 miles, and they charged him $31.77 in freight for some thirty-one sacks of feed grain. I ask those in eastern Canada who are complaining about high freight rates to take note of that, and to tell me if they have anything to kick about here in the east.

Then I have something interesting to say in regard to flour. Perhaps it does not pertain particularly to my argument, but people in British Columbia pay $1 per barrel more on the average than do the people in Ontario, due, I claim, principally to the freight rates. I have in my hand a report of the price spreads commission in regard to this matter, dealing with information and data that was laid before that body. The price quoted then in the province of British Columbia was $5.40; the price at the same date in the province of Ontario was $4.40. I am not going to digress from my argument to speak about the milling combine, but in passing I should like to say that when I happened to look up the data and figures in regard to Australia they indicated more clearly than ever the fact that we have a combine in the milling business in Canada. On May 20, 1935, the price in Australia for one ton of flour in forty-nine pound sacks was $29.81. The local price, worked out on a comparable basis, was $35 per ton. If you work this out, it means that the price in Australia was 1·75 cents per pound or eighty-six cents for a forty-nine pound sack, and bear in mind that the price of wheat to the farmer in Australia at that time was a little higher than the price to the farmer on the prairies.

Mr. BENNETT: Was that the depreciated dollar or at the ordinary rate of exchange?

Mr. REID: That is in Australian currency, in Canadian terms.

Mr. BENNETT: That is only $4 to the pound.

Mr. REID: I am comparing it with the Canadian price. It is not the old country pound or the old country price, that I have in mind. I am comparing it with the Canadian price in Canadian money. These figures

are not my interpretation; they are the Canadian quotation in Australian money, so I think the comparison is quite fair. In Canadian funds a forty-nine pound sack of flour would cost eighty-six cents as of that date, while the price in Canada at the same time was $1.27 for a forty-nine pound sack. This is something well worth looking into. I know it does not directly touch the argument on freight rates, but I deem it worthy of mention as I proceed in developing my argument.

Mr. BENNETT: Why don't you try the Combines Act on it?

Mr. REID: That was suggested when the price spreads committee was sitting, but I do not think any action was taken.

Mr. BENNETT: All you need is six people to sign an application.

Mr. REID: All we were asking in this bill, and all we have been asking for many years is that we should be given equal treatment on the same terms as the other provinces. When one sees what the other provinces are getting in the way of help in regard to freight rates, one is surprised that nothing has been done for the far away province of British Columbia. As a matter of fact I believe there are a good many people in this country who do not know that we even exist. I am not complaining about what the maritime people get, but according to a statement I have before me from 1927 to March 31, 1937, some $24,669,745 was paid under the Maritime Freight Rates Act.

Mr. FINN: How much was that?

Mr. REID: I am not surprised that you are surprised.

Mr. FINN: I am not surprised; it should be more than that.

Mr. REID: I can see where I shall have one supporter for my freight rates bill. The figure is $24,669,745.

Mr. FINN: Would the hon. member permit a question?

Mr. REID: Yes, but my time is short.

Mr. FINN: I shall not take long—

Mr. REID: I hope not.

Mr. FINN: —in asking the question. You may take longer to answer it. So far as the Maritimes Freight Rates Act is concerned, the hon. member knows that for forty-three years we enjoyed differentials or arbitraries on the old Intercolonial, as fixed by the then traffic manager, the late D. A. Story, and approved by the general manager, the late David Pottinger, who died last year at the ripe old age of ninety-three years. That road was later under the late Hon. A. G. Blair, Minister of Railways and Canals, and the late Hon. H. R. Emmerson who followed him as said minister, to St. Henry just out of Montreal, and then under the War Measures Acts 1917-18 those differentials were swept away, and we are not yet back to the normal rates we had under the old Intercolonial with any long haul not yet rectified under the Transcontinental Act.

Mr. REID: And even then you are twenty-five per cent below the rates of British Columbia. That is the point I was going to make. If there were no assistance given to the maritime provinces, the rates in those provinces would still be twenty-five per cent below what they are in British Columbia—and yet we get no help.

Mr. FINN: That is not my fault if it is so.

Mr. REID: I notice also that 264,195 tons of coal were moved last year, and that for the movement of that coal the country paid $2,450,050. It is very fine to hand out that $24,000,000 over a period of ten years, plus $2,450,050 yearly; yet when we in British Columbia come to Ottawa and ask that we be treated equally in freight rates, we are told that we are getting enough. I believe many hon. members are of the opinion that we are asking some special privilege. All we are asking is that we be treated like one of the family, instead of as an outcast, as has been the case for many long years.

I am giving my own views when I say that I do not think it is this parliament altogether which prevents us from getting our rights. There is such a pressure of eastern interests that every move made on behalf of the people of British Columbia meets with strong opposition, in case we in British Columbia develop too fast.

I was somewhat surprised when I read a statement in this evening's paper by the premier of Quebec. I do not know whether he is out to raise any sectional cry, but the statement appearing in the press certainly calls for some rebuttal. He says:

> Quebec shippers pay higher freight rates sending merchandise to western Canada than western shippers are charged on freight coming back the same distances to Quebec points. Quebec and Ontario pay seventy-five per cent of the federal taxes.

And listen to this:

> He is ready to do justice, but he does not want to be bled white.

Can you beat a statement like that from the premier of a province? I wonder if he has really given any study to the freight rates

question. I wonder if he really knows that it is the province of British Columbia which is being bled white. I wonder how many members realize—and this applies to some voices we hear from Ontario—that British Columbia is one of the best customers Quebec and Ontario have. British Columbia has been importing from those two provinces an average of $50,000,000 worth of goods yearly, and in turn the two provinces have been buying back something less than $11,000,000 worth. Yet we have people from both provinces talking about being bled white! It is we, in British Columbia, who have every reason to cry out. However, I suppose the nearer one gets to Ottawa, the more attention is paid to that cry. I wish to take issue right now with the premier of Quebec when he tries to put it over—if I may use the term—that the people of that province are suffering in the matter of railway rates. I say to him: Give us in British Columbia the same freight rates as you have in Ontario and Quebec, and I do not think we will kick. When one looks over the rates and sees differences running all the way from twenty per cent to eighty per cent greater, on goods going into British Columbia than on goods going east, one wonders why such a statement would be made by the premier of Quebec.

I have looked through Ottawa and also when in Montreal for British Columbia goods and, with the exception of some good sockeye salmon, which, of course, they must have, I have failed to see any such goods. But it is a very different matter in British Columbia, because the people in the east can ship their canned goods cheaper and can pay their workers less than can the manufacturer in British Columbia, who must pay the minimum wage called for in that province. When the merchant or manufacturer in British Columbia wants to ship similar goods back to Ontario or Quebec, he finds that he is charged anywhere from twenty per cent to thirty per cent higher rates on canned goods than are the people in the eastern provinces who ship that stuff to us. "Stuff" is a good word, too.

Mr. FINN: Sockeye is better.

Mr. REID: If I have time I should like to deal with the arguments advanced by the minister, because on a former occasion he made some statements I did not have an opportunity to contradict. I should like now to take him up on this. I hope I am quoting him fairly when I say he said that Canada had the lowest freight rates in the world, and much lower rates than those of the United States. I do not believe it is a fair comparison to compare even the rates in the United States with those in Canada, because the freight structure or freight traffic in that country is entirely different from the freight structure or traffic conditions in Canada. In the first place, they have not the great grain trade that we have. They have more commodity goods. Then, the division of their passenger and freight traffic is entirely different.

It might interest hon. members to know that in the United States fourteen per cent of the revenue is from passengers; in Great Britain, thirty-seven per cent; in Germany, twenty-eight per cent; in Japan, sixty per cent and in Canada, twenty-four per cent. In an endeavour to prove that so far as grain is concerned rates in Canada to the west are not cheaper than the rate from central or eastern to western portions of the United States, let me give the following examples.

Cut Bank, in Montana, is 732 miles from Seattle. They have no export or domestic rate, as such, but operate only on one rate, and carry all grain for thirty-eight cents. In British Columbia we are charged 41½ cents for mill feeds over a distance of 642 miles. Bozeman, another point in Montana, is 764 miles from Seattle and the rate is 38½ cents. Billings, Montana, is 1,012 miles from Seattle, and the rate is 40½ cents.

I ask the minister and the house to compare that with a rate of 41½ cents for 642 miles from Calgary to New Westminster or Vancouver. Even if the rates in the United States are a little higher, they are hardly comparable when one takes into consideration the wages paid to the railway men across the line. The wages paid to railway workers in the United States average eighteen per cent more than those paid to Canadian workmen, while on the average the freight rates are only some seven per cent higher. As I have pointed out, it is hardly fair to compare a country like the United States with Canada because their freight structure and general traffic conditions are entirely different.

Mr. H. J. BARBER (Fraser Valley): Mr. Speaker, the bill now before the house might be termed a hardy annual. It bobs up every year; but so far it has failed to blossom or bear fruit, and from the attitude taken by the government through the Minister of Railways (Mr. Howe) during the last two sessions it is liable to remain dormant, at least as long as hon. gentlemen opposite are in power. The hon. member for New Westminster (Mr. Reid) is carrying out a pledge to his constituents when he told them that he would introduce this measure every session. As he

has said to-night, he has faithfully performed that duty. Whether this continued action on the part of the hon. member without results will satisfy his constituents remains to be seen.

At the last two sessions the minister, speaking for the government, expressed his opposition to the measure, and I assume that if it is not talked out at this session, he will express himself in the same manner. I think the hon. member will agree with me when I say that the fate of this measure will be the same as it has been in the last two sessions. There is one good thing about the introduction of such a bill; it gives those of us from British Columbia an opportunity to bring before the representatives from eastern Canada certain facts which may enlighten them in connection with the difficulties that we have to undergo through being such a long distance from the seat of government and the great centres of eastern Canada.

I do not intend to go into the question of grain and feed grains as I discussed that matter during the debate on the motion for an address in reply to the speech from the throne. The hon. member has covered this matter quite fully to-night, but I should like to take this opportunity to refer to one or two discriminations against British Columbia. There is one in particular I should like to direct attention to, one which was brought to my attention a short time ago by the producers in my riding. In the lower mainland of British Columbia a considerable area is set aside to fruit growing, and it is necessary that a considerable quantity of fresh fruit be exported in order that the industry may have sufficient returns to place it on a healthy basis. I should like to give one instance of discrimination in connection with railways and their tariffs, and more particularly under the express tariff. I understand that an Ontario fruit grower shipping berries from Grimsby, Ontario, to Montreal, Quebec, a distance of about 495 miles, has to pay only ninety-five cents per 100 pounds express. But if a grower in British Columbia ships the same fruit over the same railway from, say, Vernon to Calgary, a distance of about 340 miles, the rate is $2 per 100 pounds express.

During the last few sessions when this subject has been up, the minister has been inclined to compare Canadian and United States rates. Here is one instance I should like to draw to his attention. The express rate from Fraser Valley points to Winnipeg is $2.40 per 100 pounds, in addition to which there are certain icing and stop-off charges. The rate from Oregon and Washington to Chicago is only $1.89 per 100 pounds. Those were the rates in effect last year and I believe the same rates are in effect to-day. Our growers have applied to the express traffic board for a reduction from the $2.40 rate to a flat $2 rate for points in the three prairie provinces, but so far no encouragement has been received.

I could go on and give a number of other discriminations, but perhaps some of them would not be in order. This afternoon a chairman of a committee when presenting his report referred to the freight rates on agricultural implements going west. A short time ago I brought to the attention of the house the fact that the rate on trucks had been raised on November 1 from $120 to $181 for large sized trucks, and from $120 to $152 for the small size. These trucks are used by the farmers and producers in our district. All along the line other discriminations could be pointed out against British Columbia.

The hon. member has been quite in order to-night in drawing these matters to the attention of those residing in eastern Canada. There is no doubt that these discriminations have hindered the development of many of the resources of our province. As far as the grain rates are concerned, I do not think there is much chance of success through the method pursued by the hon. member for New Westminster. I should like to suggest once more to the minister that he follow the example of the Minister of Railways and Canals in the previous government, the Hon. Doctor Manion, call in the representatives of the railways and urge them to get in touch and consult with the representatives of the four western provinces in order to make some adjustment in the rate differential that exists at the present time.

When I suggested this to the minister the other day, he came back with this reply, "The railways might not think it worth while to make another agreement." I am sure the minister speaks for the government. He has at heart the best interests perhaps directly of the railways; but I would suggest that it is the first duty of any government to consider the best interests of the producer, and in this particular case the minister can serve both because making it easier for the producers in our province to continue and increase their production means also more business for the transportation companies. So I suggest to the minister that he proceed along that line. I know he is not favourable to the present measure because he has so expressed himself in the last two sessions, and no doubt will do so again this session when the occasion arises; but I should just like to leave with him the thought that in the interests

of British Columbia he call in the heads of the transportation companies and see if some arrangement cannot be made for a further reduction in the rate on feed grains and mill feeds which are used so extensively in our province.

On motion of Mr. Perley the debate was adjourned.

Mr. FINN: Mr. Speaker, moving the adjournment of the debate without giving any reason, and when other hon. gentlemen are ready to speak, is not in conformity with the rules of the house.

Mr. SPEAKER: I put the motion and it was carried. The motion is not debatable.

JAPANESE IMMIGRATION

APPLICATION OF PROVISIONS OF CHINESE IMMIGRATION ACT, REVISED STATUTES, 1927, CHAPTER 95

The house resumed from Tuesday, March 1, consideration of the motion of Mr. Neill for the second reading of Bill No. 11, respecting Japanese immigration.

Mr. J. G. TURGEON (Cariboo): Mr. Speaker, I am going to ask you to permit me to move the adjournment of the debate on this bill, not for the purpose of killing time, but because I have some remarks to make upon it, and I shall not have time in the five minutes remaining before nine o'clock. I therefore move the adjournment of the debate, for the purpose of resuming it upon a later occasion.

Motion agreed to and debate adjourned.

IMMIGRATION ACT

AMENDMENT OF PROVISION RESPECTING PROHIBITED CLASSES

Mr. A. W. NEILL (Comox-Alberni) moved the second reading of Bill No. 38, to amend the Immigration Act.

Some hon. MEMBERS: Explain.

Mr. J. G. TURGEON (Cariboo): Mr. Speaker, I move the adjournment of the debate on this bill, which is closely allied to the bill respecting Japanese immigration.

Mr. NEILL: I rise to a point of order, Mr. Speaker. They are not allied.

Motion agreed to and debate adjourned.

[Mr. Barber.]

SOLDIER SETTLEMENT

INTEREST RATE ON REPAYMENTS OF TAXES AND INSURANCE PREMIUMS—ARREARS OR INSTALMENTS SUBJECT TO BONUS PRIVILEGES

The house resumed consideration in committee of Bill No. 33, to amend the Soldier Settlement Act—Mr. Crerar.—Mr. Johnston (Lake Centre) in the chair.

On section 2—Time extended for credit on payments of arrears.

Mr. BENNETT: Mr. Chairman, we have written off by statute large sums of money in connection with the purchase of lands now occupied by soldier settlers. That was done by the late government, and also by the government which preceded it; but it was regarded as very unsound business that we should continue to write off, by appropriations made by the Minister of Finance, vast sums of money in this way, and it was believed that a more urgent effort should be made to collect.

It was therefore determined to create an incentive to payment. It was believed that it would be a powerful lever in securing money if we undertook to credit a soldier with $2 for every $1 payment that he made. The effect of that was to get away from the necessity of making appropriations every year by the Minister of Finance based upon just crude estimates. On the other hand, it afforded an opportunity for those who so desired to make payments on the basis of their contract being about fifty per cent of the amount that was due under it. I plead with the minister to consider carefully the situation before he finally makes up his mind with respect to that. We extended until 1936 the time within which a payment of $1 would secure a credit of $2, and in 1936, since this government came into office, the time was further extended until March 31, 1938. At that time it was suggested that a little longer period should be granted for this benefit to continue for the soldier, but that view did not commend itself to the government at that time.

Mr. CRERAR: May I just correct my hon. friend on one point? The legislation as brought in provided for an extension of three years, but in another place that was reduced to two years, and the commons agreed to that amendment.

Mr. BENNETT: Yes, quite right. Someone in this chamber had suggested five years; but that was not acceptable to the government; as events proved, it was not acceptable to the senate, and the period was re-

duced to two years. I suggest it would be well to extend the provisions of the section only for another period of three years; that is, from 1938 to 1941. I am not suggesting this with the idea that we are offering any great concessions so far as this country is concerned; but I firmly believe that if we do this we shall get some money, whereas if we do not do it, I am afraid we are going to be confronted with a situation that will compel us to make appropriations out of the consolidated revenue fund by writing down the value of the assets in connection with these lands that we have disposed of to soldier settlers. I am quite satisfied that if the minister will give the matter consideration from that angle, he will find on looking through the returns that if he does this and still offers credit of $2 for every $1 paid until 1941, he will have given a reasonable opportunity for those who desire to pay to do so and will have created an incentive on the part of those who desire to retain their places and who feel that they can undertake a reasonable responsibility but will not undertake the responsibility of paying at the prices the contracts now bear.

I can speak from personal discussion with many men who have had the benefit of this legislation, and I have been amazed at the zeal they have displayed securing money with which to make payment and thereby secure credit for twice the amount paid. I believe that we shall have done a good job for the Dominion of Canada and secured more money if we merely reenact the section as it appears, extending the period to 1941; or, if the minister feels that this is too long a period, I suggest that he might try it for, at any rate, a couple of years longer. I earnestly believe—and I say this entirely divested of any feeling in the matter except from my observations and inquiries—that we shall have secured more money at the end of 1940 if we make the period two years than we could possibly receive if we depended upon payments being made in the future on the basis of the present value of the contracts, except as the obilgations may be reduced by reason of the provisions of the legislation now before the house with respect to past instalments. That is my conviction, and I should like the minister to consider the matter from that angle, because it was that consideration which induced the late government to initiate the legislation. If the minister will look at the records I think he will agree that the hope then entertained has not been wholly without tangible results. I know of nothing that makes one feel worse than to realize the amount of money we have lost in this transaction. It is attributable not so much to wrong judgment as to a feeling of optimism, with respect to productive values, which was not warranted by results. In the same way we lost vast sums of money in connection with another enterprise we entered into during and after the war. We lost in the aggregate, I think, some $80,000,000.

The losses we have sustained in connection with the soldier settlement lands can be attributed not so much to maldistribution, to recklessness or to carelessness, as to an estimate of productive value which subsequent events have not warranted. If, however, the result that I have indicated were found only in soldier settlement lands, it would be good cause for alleging negligence and lack of proper supervision and care. But every one of us, from western Canada in particular, knows that the hope of productive value, the belief in high prices for wheat and large production, was widespread. I can recall a minister telling us in western Canada that all we had to do was to go forward and produce half a billion bushels of wheat, because everybody believed that, as the result of the war, it would be a long time before the belligerent nations would be able to satisfy their own requirements, and we would always be able to supply their demands. We have always been able more than to supply their demands, and it was on that basis that this settlement took place, and that the high values I have mentioned were attached to lands. Of course, they could not be realized at the present time, and the result has been that very large sums have had to be wiped out as depreciation in values; and, finally, we have had recourse to the method which I have indicated.

If it is not going too far I would suggest to the minister that he might give this matter further study and consider whether or not it would be possible to make an extension for a further period of, say only two years. For I believe—once again I repeat it; I cannot stress it too strongly—speaking from observation and inquiry, that we shall receive more money at the end of two years by continuing this policy, giving credit of $2 for every $1 paid, than if we adopt the method indicated by the bill, hoping to recover in full the balance of instalments in connection with the obligations incurred by settlers.

The DEPUTY CHAIRMAN: Mr. Neill has moved in amendment that after the word "arrears" in line one, page two, there be inserted the words "or of any instalment" and that the figures "1938" in line two, page two, be struck out and the figures "1941" substituted therefor.

Mr. CRERAR: It was arranged that the post office estimates would be taken up to-night at nine o'clock, and I think that arrangement ought to be adhered to. In regard to the point made by the leader of the opposition (Mr. Bennett), I did give it very careful consideration. I refer to the possibility of securing larger payments by the continuation of the dollar for dollar bonus not only to those who have been unable to take advantage of it during the last five or six years or during the period in which it has been in effect, but also to those who have taken advantage of it. The difficulty is, of course, that there are probably some returned soldiers who are hoping and possibly expecting that they will not be required to pay any more on their land. There is a small organization in northern Saskatchewan and northern Alberta, to which reference was made this afternoon by an hon. member from that part of Canada, the object of which is to seek a complete wiping out of the whole obligation. In fairness to the Canadian people as a whole; in fairness to the returned soldiers who have completed their land payments—and there are quite a number of them—in fairness to those who have in good faith kept up their payments as far as they have been able to do so, I do not think this should be encouraged, and I fear that if we proceeded along the lines of the amendment proposed by the hon. member for Comox-Alberni (Mr. Neill), which after all is simply a continuance of the existing arrangement for three years, this would give encouragement to a movement of that kind.

Mr. BENNETT: I thought it would have the contrary effect.

Mr. CRERAR: No, I do not believe it would. I should be glad to think it would, but I fear that it might have the opposite effect. We have to face that fact frankly. I am sure I am within the judgment of every hon. member when I say that the house desires to deal fairly and generously with the returned men, but I do not think there should be given to any section of the returned men encouragement which would induce them to trade upon the generosity of the house and of the people of Canada and expect to get off free from their present liabilities. However, as I have said, it was arranged that the post office estimates should go on to-night, and I am going to move that the committee rise and report progress. In the meantime consideration will be given to the suggestion made by the leader of the opposition.

Mr. BENNETT: Would the minister look at the figures and see what the result has been since 1933 in reduction of liability on the basis of crediting $2 for every $1 paid?

[Deputy Chairman.]

Mr. CRERAR: Under the dollar for dollar bonus $4,409,000 has been collected.

Progress reported.

SUPPLY

The house in committee of supply, Mr. Johnston (Lake Centre) in the chair.

POST OFFICE DEPARTMENT

Post offices, including salaries and other expenses of headquarters and staff post offices and supplies and equipment for revenue post offices, $14,624,470.

Mr. GREEN: Would the minister give us a statement regarding any change in the number of post offices in Canada? I see by the annual report that there has been a decrease in Nova Scotia, and apparently there has been no increase in the Northwest Territories in spite of the developments going on there.

Mr. EULER: I cannot give the increases or decreases. I can give the total number by provinces:

Ontario	2,618
Quebec	2,578
Nova Scotia	1,546
New Brunswick	1,020
Prince Edward Island	114
Manitoba	796
Saskatchewan	1,498
Alberta	1,253
British Columbia	925
Yukon	18
Northwest Territories	20
	12,386

Mr. GREEN: Why is there a decrease in the number of post offices in Nova Scotia?

Mr. EULER: I am not sure as to the reason. It may be because there is rural mail delivery, or it may be diminution of business making it not worth while to keep the offices open.

Mr. FINN: Loss of population.

Mr. HEAPS: The other night I referred to the method of sale of stamps in the larger post offices. I stated that the information I have is that the government itself does not undertake the sale of stamps in some of the large post offices. Is such the fact, and, if so, why are private people allowed to sell stamps in public buildings?

Mr. EULER: What my hon. friend states is the fact, the reason being that in many cases the system is cheaper; the commissions are less than the cost would be if some official of the Post Office Department sold the stamps. It has been the practice for many years. My

hon. friend brought it to my attention the other day. I do not know that, as acting Postmaster General, I particularly like to announce any change of policy, but I would think it is a matter worthy of consideration. That is as far as I can go.

Mr. HEAPS: I am very glad to have this admission from the acting Postmaster General, because it seems to me most absurd that we should establish large post offices and have wickets for the sale of everything except stamps, and that when it comes to the sale of stamps we hand it over to some private individual, who probably is a partisan worker who gets the concession and in his private capacity goes into a public building and there sells stamps. I know that in some cases the government have to go to the private party to buy stamps, buying, say $1,000 worth of stamps through this private party. It seems so absurd to have an arrangement of that kind that I hope it will not be long before the acting Postmaster General will take action to stop something which, in my opinion, should never have started.

Mr. FINN: As far as Halifax is concerned —and I speak now of the Halifax post office separate and apart from other post offices in Nova Scotia—the post office was under a postmaster; they have now merged the duties of inspector and postmaster and the one man is both. From time immemorial the stamps have been sold in the post office in a cage provided by the government, both in the old post office and in the new one. The two ladies who are the stamp vendors there have been there for years. They have the confidence of everyone; they are not party workers; they are not ward heelers; they have never taken part in politics, and my hon. friend has gone far afield when he says that it is a political reward. I have been nearly twenty-five years in public life, and no person has been appointed, while I have been in provincial or federal politics, as a party worker or ward heeler to any such position. These two ladies have the confidence of everyone in Halifax. They get a commission on the stamps sold and they are well deserving of it. I shall see that they are kept there as long as we are in power, and I believe hon. gentlemen opposite would also see that they are kept there, because they take no part in politics and are perfectly honest.

Mr. HEAPS: How many new post offices are in course of erection at the present time?

Mr. EULER: My hon. friend means buildings?

Mr. HEAPS: Yes.

Mr. EULER: That is a matter for the Public Works department.

Mr. HEAPS: Are any recommendations made by the Post Office Department to the Public Works department for the erection of such buildings?

Mr. EULER: I am afraid I am not sufficiently familiar with that to answer definitely; but I would judge that where it is proposed to erect a public building there must be some request from the Post Office Department, and perhaps also other departments, such as customs, which are going to use the building.

Mr. HEAPS: In past years post offices have gone up without the consent of the Post Office Department. I say so advisedly because I happen to know of such a case. I am just wondering if there are any buildings which are now being constructed by the Public Works department for subsequent use as post offices and of which the Post Office Department may not be aware.

Mr. EULER: Not to my knowledge, and not to the knowledge of the officials who are here.

Mr. HEAPS: To come down to a concrete case, take the post office which is to be erected here in Ottawa. Are the post office officials consulted in the matter; do they have the final say on the size and capacity of the building, or is the matter entirely in the hands of the Department of Public Works?

Mr. EULER: The work is done on and with the advice of the Post Office Department.

Mr. GREEN: Are any steps being taken to increase the business of the post office savings bank. I notice by the annual report of the department that there has been a decrease of about $167,000 in the amount on deposit, and it does seem to me some steps should be taken to increase the business.

Mr. EULER: A good deal of advertising is done to attract deposits, but I am informed that this really is a matter for the Department of Finance.

Mr. GREEN: What rate of interest is paid?

Mr. EULER: Two per cent.

Mr. GREEN: In the details which are given at page 167 of the estimates, I notice an item covering commissions to postmasters on savings bank business. That item has been reduced from $8,000 to $5,000. What is the reason for that?

Mr. EULER: It varies according to the amount of the deposits. There were fewer deposits; therefore the commission was smaller.

Mr. PERLEY: Has the department under consideration the purchase of certain bank buildings in the western provinces to be used for postal purposes? I believe it has been the policy of the Post Office Department under all governments occasionally to buy a bank building, particularly in western Canada, that has been closed. In the west there are a number of towns where there were three or four banks, and of late years conditions have been such that there has not been sufficient business for them all. They have sort of sawed off with each other, one bank closing its branch in this town and another bank closing its branch in the next town, and as a result there are some pretty good buildings available for post office purposes. They could be easily adapted for use in that way, and I know of two or three buildings practically for sale in my constituency. I think some negotiations have been carried on, and I wondered if the minister could inform us whether he has advised the Department of Public Works to purchase those buildings.

Mr. EULER: Could the hon. gentleman tell me at what points these excellent buildings are located?

Mr. PERLEY: Sintaluta is one.

Mr. EULER: I have no knowledge with regard to that. I am told that this has been done; that buildings have been purchased, but again this is a matter for the Department of Public Works. As my hon. friend knows, the handling of real estate and buildings, the erection of buildings and all that sort of thing, is in the hands of the Department of Public Works.

Mr. NEEDHAM: Mr. Chairman, I feel that something more should be done in regard to the savings bank branch of the Post Office Department. I find in talking even with members of the house that some of them do not know that there is such a branch, carrying on business and paying interest at the rate of two per cent. I have also run across lawyers who did not know very much about this branch.

Mr. MacNICOL: You are not surprised at that, are you?

Mr. NEEDHAM: They are supposed to be our learned friends. This summer I was talking with one lawyer, and I told him that I considered the post office savings bank one of the most convenient methods of financing while travelling. I told him that if he had a deposit with the post office in his home town, he could go into the post office savings bank in any town and draw out up to $50 in a day. I believe that amount has now been increased to $100, but he did not even know there was such a thing in existence. As I say, it is a most convenient way to finance travel anywhere in Canada. There is no exchange required, and of course, since you do not give a cheque but have your book marked, you do not require a three-cent stamp. I feel that something should be done in the way of advertising this branch, and I am amazed to see such a reduction in the deposits this year What were the deposits, say five years ago? Has there been a continual reduction?

Mr. EULER: I am afraid we have not that information.

Mr. NEEDHAM: If it is a matter for the finance department, I would urge upon the minister that the two departments get together and see if something cannot be done along that line.

Mr. EULER: I may say that the Postmaster General himself has under consideration the possibility of making it somewhat easier to withdraw deposits and perhaps in other respects to model the post office savings bank after the facilities that are offered in Great Britain. I must admit that I am not familiar with the branch, but I am informed that the Postmaster General has some improvements in mind.

Mr. NEEDHAM: Do the deposits go into the consolidated revenue fund?

Mr. EULER: Yes; they go right into the consolidated revenue fund.

Mr. NEEDHAM: It seems to me that if this branch were advertised fully and, if necessary, if the rate were increased to 2½ per cent, this would be a wonderful means of assisting in the financing of the dominion. It would also give encouragement to the average fellow with five, ten or a hundred dollars to deposit. It seems to me it would give a wonderful stimulus to the circulation of dollars in the dominion.

Mr. GRAYDON: I am surprised to hear the hon. member for The Battlefords rising to-night to ask that some encouragement be given the banking institutions of this country. However, I am very glad to hear that he has some views which may be of some assistance to the acting minister. Is there any limit as to the maximum amount that a depositor may deposit in the post office savings bank?

Mr. EULER: The limit is $5,000.

Mr. GRAYDON: Has the acting minister any information as to the number who have reached that maximum in the post office savings branch?

Mr. EULER: No, I have not that information.

Mr. PELLETIER: One of the few pleasures enjoyed by people in distant areas is that they can obtain books from various libraries in nearby cities. In the United States I believe there are cheap postal rates on books from public libraries. The Canadian department might very well take that point into consideration, and see if it is not possible to establish a special postal rate for books coming from public libraries, so that the people might be able to make greater use of such books. At the present time I believe the rate in the United States is three cents for the first pound, and one cent for each additional pound thereafter.

If these rates were made effective in Canada, I believe this would not in any way interfere with the revenues of the department. As a matter of fact those revenues undoubtedly would be increased because many people in the outlying areas would take advantage of lower postal rates. I am not prepared at this time to discuss the matter at length, but those are a few facts which come to my mind. I am sure, if the acting minister went into the matter carefully, he would find that a rate similar to that in the United States would be beneficial to everyone concerned. For the sake of the department and for the pleasure of many people, I would ask that he give serious consideration to the matter.

Mr. EULER: I suppose the hon. member knows there is already on the order paper a resolution dealing with the matter. I take it there will be a discussion on the point when the resolution is before the house, and as a result of that discussion some policy may be framed. Meantime the rate on books within a radius of twenty miles is five cents per pound, parcel post, a rate which does not seem excessive. However, it may be possible to make that rate lower. It is a matter of policy in the department.

Mr. PELLETIER: The resolution is far down on the order paper, and there is a possibility it might not be discussed.

Mr. EULER: That is true.

Mr. PELLETIER: I believe this is the proper time to bring the matter to the attention of the minister. Although the rate may be five cents per pound, I think we might very well adopt the rate of the United States, namely three cents for the first pound and one cent for each additional pound. I am asking that the minister give the matter full consideration, particularly in view of the fact that it will bring in greater revenue, rather than decrease it. After all, the cheaper the rate is, the more people will be able to use it.

Mr. EULER: I am sure the hon. member would not guarantee that, but we shall be glad to give the matter consideration.

Mr. JOHNSTON (Bow River): How much does the Post Office Department receive from the chartered banks in Alberta for the distribution of their pamphlets containing the speeches of Mr. Vernon Knowles. Those pamphlets were distributed through the post offices, and I should like to know how much they received for that service.

Mr. EULER: The rate is one cent for two ounces.

Mr. JOHNSTON (Bow River): That is not my question. I want to know how much the department received for that service.

Mr. EULER: I cannot tell the hon. member, because I have not the information here.

Mr. JOHNSTON (Bow River): It would not be done gratis, would it?

Mr. EULER: Certainly not.

Mr. JOHNSTON (Bow River): I wonder if we can get the information at some other time.

Mr. EULER: I fail to see why any one would assume that the post office is carrying mail gratis.

Mr. BENNETT: He said "distribution" by the post office.

Mr. EULER: It is performing a service. I understand it is not done free.

Mr. BENNETT: But that is his point.

Mr. EULER: The answer is no.

Mr. BENNETT: Is there any evidence of that?

Mr EULER: The evidence is—

Mr. BENNETT: Or is it just a guess?

Mr. EULER: Just what the officials tell me.

Mr. BENNETT: That the post office was paid for distributing those pamphlets—does the minister say that?

Mr. EULER: I do not even know the pamphlets were distributed. I have no personal knowledge of it.

Mr. JOHNSTON (Bow River): I have evidence of the fact, because almost every office in Alberta distributed them.

Mr. EULER: I would have to have knowledge first whether such an act took place. I do not know. But if any service was rendered through the post office, it had to be paid for it.

Mr. BENNETT: That is the reason I was struck by the fact that the hon. member seems to be in error. I can take a thousand pamphlets to a post office, pay them a given sum and they distribute them. That has been done—it was at one time.

Mr. EULER: It is still so.

Mr. BENNETT: I believe what the hon. member has in mind is that same form of distribution. As I gathered it, he left the impression that pamphlets had been distributed through the post offices, and he wanted to know what was received as payment by the Post Office Department for that distribution. There used to be such a provision in our law; I never say anything "is" now, because the department changes so from time to time that one does not know what might happen over night. But there was a time when I could take a thousand pamphlets to a post office; they would have a list, and they would distribute them to all the people, even though the pamphlets may not be addressed. In some instances they are addressed with the words "To the householder." That is called householder distribution, for which I know I have paid. It is that which I believe the hon. member for Bow River had in mind.

Mr. EULER: I am told any service of that sort is paid for. But I think the hon. member will realize that he could hardly expect me at this time to say how much was paid for a certain service at a certain post office in western Canada, or anywhere else. At any rate, I have not that information.

Mr. JOHNSTON (Bow River): I am not pressing the question at this time, but I should like to know how much the Post Office Department received for that service. If the postmaster himself received it, would it be recorded in the books which were sent on to the department? There should be some record of it in the Post Office Department.

Mr. EULER: I am told there are about 30,000,000 pounds of that carried in a year. I am not sure that it would be worth while to have detailed information in the department on the point. At any rate, we have not the information, and I am inclined to think it is not worth while to keep a record of those services.

[Mr. C. E. Johnston.]

Mr. JOHNSTON (Bow River): Then, the charge is left to the decision of the local postmaster, is it?

Mr. EULER: No; the local postmaster is not asked to keep that record.

Mr. STIRLING: There surely must be a standard charge for such service; it is very common.

Mr. EULER: For printed matter the rate is one cent for two ounces.

Mr. PELLETIER: Does that include the cost of distribution as well?

Mr. EULER: That is the standard cost for distributing them.

Mr. PELLETIER: The total cost to the party who mails them?

Mr. EULER: The total cost to the person who gets the service.

Mr. BENNETT: There are no stamps put on them, and I believe the hon. member concludes that it is a free distribution by the postmaster, as an individual, whereas, as a matter of fact I remember that a charge was levelled once that this was an interference with the postal laws of the country. For instance, you pay a fee; they distribute the material, and that is all there is to it. That goes on continually. I first learned about it by actual experience, and I found out that that was the way it was done. The postmaster himself gets nothing for it, except possible commissions on the receipts of his office.

Mr. BARBER: Could the minister give us the number of depositors in the post office savings bank in the last year?

Mr. EULER: There are 49,551 accounts. There were 6,233 new accounts opened during the year, and 4,854 accounts closed. The number of accounts open at the end of the year stood at 80,370, or an increase of 1,379. When I said the total number of accounts was 49,551, I should have said that that was the number of deposits.

Mr. BARBER: What was the total amount?

Mr. EULER: $2,830,193.07.

Mr. BENNETT: I believe it is more than that.

Mr. EULER: That is for the year. There is on deposit now a total of $21,879,593.13, a slight decrease.

Mr. GRAYDON: What main factors are taken into consideration by the department in deciding whether a postal delivery service shall be established in certain centres?

Mr. EULER: The chief factors are the revenue of the office and the population of the town.

Mr. BENNETT: It used to be 10,000 people.

Mr. GRAYDON: What is the lowest population where a postal delivery service is in effect?

Mr. BENNETT: What place has pull enough to make the arrangement without the necessary population?

Mr. EULER: I am afraid I cannot give the name of the town with the lowest population or revenue. I would have to repeat that the population is supposed to be at least 10,000 and the revenue about $35,000, but that may vary. The population may be higher and the revenue may be a little lower, or the revenue may be unusually high and the population less. That is left to the discretion of the department.

Mr. BENNETT: And the question of pull.

Mr. EULER: It may have been that way in the old days.

Mr. BENNETT: It was prior to 1930 and has been since.

Mr. EULER: I imagine there is not much use in the pot calling the kettle black. I dare say that under both administrations there was a little latitude in these matters.

Mr. BENNETT: There were so few left by 1930 that we had not a chance.

Mr. GRAYDON: I am interested in knowing to what extent the concentration of population and the lay-out of the community would influence the department in arriving at a conclusion as to inaugurating a postal delivery service.

Mr. EULER: It may have a bearing, but I have no information.

Mr. BROOKS: Could the minister give us the dismissals of postmasters in 1936 and 1937 in the different provinces, and the reasons?

Mr. EULER: I have them for the last two years and for certain other two years. The figures I shall give now are for the last twenty-eight months, the period of the present administration:

Prince Edward Island	3
Nova Scotia	12
New Brunswick	17
Quebec	133
Ontario	6
Manitoba	..
Saskatchewan	6
Alberta	1
British Columbia	1
	179

I may say that in the corresponding period the dismissals were as follows—

Mr. STEWART: Who asked for that?

Mr. EULER: I am just giving it.

Mr. BENNETT: This will help to get your estimates through.

Mr. EULER: I am rather enjoying it.

Mr. BENNETT: This will help you to get them through.

Mr. EULER: I was wondering whether the asking of that question was intended to help me.

Mr. BENNETT: That used to be a commonplace question when hon. gentlemen opposite were in power.

Mr. EULER: I am not objecting.

Mr. BENNETT: Certainly not; that is your job, but you should hardly volunteer information.

Mr. EULER: I do not require any advice from my right hon. friend on that point. I shall discharge my duty as well as I can. I am not particularly familiar with this department, and if my right hon. friend is hinting that he is going to make it more difficult, it makes no difference to me whatsoever.

Mr. BENNETT: The minister was asked a civil question to which he replied, and then he started to give information which was not asked for with respect to a previous administration. He thinks that is going to help him get his estimates through. If an hon. member asks a question, the minister should give an answer, but he should not volunteer information which may have a political bearing.

Mr. EULER: That is exactly the reason the question was asked.

Mr. BENNETT: It was not.

Mr. McNEVIN: I ask the minister to give us the information for the same period previously.

Mr. BROOKS: I asked the question simply for information.

Mr. McNIVEN: I ask for the same information for the previous period.

Mr. EULER: I am sorry I began to give that information, and if my right hon. friend thinks it would promote the work of the committee; I am quite willing to omit giving it.

Mr. BENNETT: It was volunteered, but now it has been asked for.

Mr. EULER: I shall not volunteer it now, I shall give it according to the request that is made for information during the previous administration. The figures are:

Prince Edward Island	2
Nova Scotia	68
New Brunswick	26
Quebec	35
Ontario	7
Manitoba	4
Saskatchewan	1
Alberta	1
British Columbia	..
	144

Mr. BENNETT: I may say that in every case an investigation was held by a properly authorized commissioner. I should like to know what the twenty-eight month period covers, from what date to what date?

Mr. EULER: I shall have to add to the information that I gave. The dismissals I gave were those made on the personal statement of a member of parliament or on a postmaster's admission. Then there are those that followed as a result of investigation.

Mr. BENNETT: What dates are they?

Mr. EULER: Under the present administration the dismissals after investigation were as follows:

Prince Edward Island	..
Nova Scotia	7
New Brunswick	11
Quebec	107
Ontario	3
Manitoba	..
Saskatchewan	1
Alberta	4
British Columbia	..
	133

That is the information for the last twenty-eight months under the present administration.

Mr. BENNETT: Those are on investigation, and then there would be the dismissals on the say-so of a member.

Mr. EULER: I gave those.

Mr. BENNETT: The two together would give the total number of dismissals.

Mr. EULER: It would be 179 plus 133.

Mr. MacNICOL: Did the minister say just three in Ontario?

Mr. EULER: Yes.

Mr. MacNICOL: I want to compliment the Liberal members from Ontario for not being hard-boiled Grits.

Mr. HEAPS: Where a member protests against the postmaster having been partisan in an election, what proof must be submitted before action is taken?

[Mr. Bennett.]

Mr. EULER: You mean before an investigation is undertaken?

Mr. HEAPS: An investigation concerning the dismissal of a postmaster.

Mr. EULER: I think the Minister of Agriculture outlined the practice the other day. If a member states over his own signature that he has personal knowledge that a civil servant or a servant of the government has been partisan at an election, that is sufficient under an order in council to ensure his dismissal almost automatically. If anyone else makes a complaint, a commissioner is appointed, and if the minister regards his report as being sufficient to warrant a dismissal, the postmaster is dismissed.

Mr. HEAPS: It was that very answer which the Minister of Agriculture made in this chamber the other day which prompted me to ask that question. Personally I am not satisfied that any member of this house should exercise the prerogative of having an individual dismissed from the public service merely on the word of the member that to his knowledge the individual has been guilty of partisanship. If any member of this house, or an elected representative before he takes his seat, has knowledge that a person has been guilty of partisanship during an election, I think an investigation should be held anyhow, even though it be a member who makes the complaint. I know the acting Postmaster General is himself in a general way opposed to patronage, and I submit to him that, in all fairness, the individual accused of partisanship should be given an opportunity to submit his case to some body designated to investigate charges of that kind. The hon. member for Vancouver North the other day said that all that appeared in a communication upon which a certain person was dismissed from the public service was the statement that he had been guilty of participating in an election, and merely on a bald statement like that the man was dismissed. I do not think any hon. member will claim that that is fair to the individual concerned or that it is a good thing for the government of the country. If a member, I do not care who he may be, makes a statement charging a person with an offence, I think the least we can do is to ensure that the individual will be given an opportunity of replying to the charge. If justification be found for the charge that there has been participation in an election, then there could be little objection to dismissal after investigation; but I know of many members of parliament who, in their zeal to obtain a little patronage, might perhaps be a little more partisan in their activities than even postmasters during an election.

Mr. EULER: I am not sure that I have any particular fault to find with that; but the practice has obtained, and I am quite sure that an order in council was passed.

Mr. BENNETT: In the days of Sir Wilfrid Laurier and Sir Robert Borden.

Mr. HEAPS: Does the minister not think it is time the practice was changed?

Mr. EULER: Possibly so; but so long as that order in council is in force, I suppose the departments concerned will carry out its terms. Before I sit down I might add that in the Post Office Department, in every case where the revenue of the post office is $400 or more, whether or not the member states over his own signature that he has personal knowledge of the conduct of the official, an investigation is made.

Mr. PELLETIER: Is that $400 a year or a month?

Mr. EULER: A year.

Mr. HEAPS: Is the accused given an opportunity of stating his case?

Mr. EULER: In the Post Office Department, yes, if the revenue is over $400 a year.

Mr. CLEAVER: How many were dismissed by the former administration for political partisanship?

Mr. EULER: In Prince Edward Island, 5; Nova Scotia, 45; New Brunswick, 48; Quebec, 246; Ontario, 3; Manitoba, 6; Saskatchewan, 10; Alberta, none; British Columbia, none; a total of 363.

Mr. STEWART: Does that cover a period of five years?

Mr. EULER: No; twenty-eight months.

Mr. STEWART: Which twenty-eight months, the first or the last?

Mr. PELLETIER: The minister mentioned that during the last twenty months there had been only one dismissal in Alberta; but I have personal knowledge of three postmasters having been dismissed, and I can give the names of the places: Acme, Newcastle and Falher. They were all dismissed for alleged political partisanship, and yet the minister tells us there was only one dismissed. I cannot understand that.

Mr. EULER: During the period mentioned there was only one dismissed on the personal statement of the member, and four were dismissed after investigation.

Mr. PELLETIER: Five altogether?

Mr. EULER: Five altogether.

Mr. STEWART: I should like to bring to the attention of the minister a matter of special importance, and one that is a little out of the ordinary course of departmental details. I assume the minister knows that there is in course of construction in the county of Leeds an international bridge. It is called the Ivy Lea bridge. It is unique in its character and because it is I wish to take about five minutes of the time of this committee in explaining its character.

The total length of the crossing from the Canadian side to the United States side is between six and eight miles. By far the greater portion of this distance is roadway, highways constructed on large and small islands. There are, as a matter of fact, only two spans of any substantial length, one in the United States channel and one in the Canadian channel, the intervening distance being occupied with islands and narrow crossings over narrow channels. This bridge passes through the whole of the Thousand Islands, and I have before me a statement that I am sure will surprise the committee when I say that it is issued over the signature of the advisory engineer of the Thousand Islands bridge authority. He says:

> Within one day's drive or three hundred miles radius, there is located one-third of the population of Canada, and one-fourth of the population of the United States.

Note that, Mr. Chairman: Within three hundred miles of the end of this bridge this large proportion of the two populations is located, including New York and all the eastern states, Montreal, Toronto, Ottawa and other larger centres of population.

This bridge is to be formally opened, I think, in the month of August next, and the idea I have in mind in bringing this matter to the attention of the acting Postmaster General is to suggest that he consider the issuing of a special stamp to commemorate the event. Similar action is being advocated at Washington, and I believe is being favourably considered.

In addition, the possibilities of the development of tourist traffic, in which we are all interested, and which brings in an enormous amount of revenue to this country, are practically unlimited with a unique feature such as this, and they are being carefully studied by those interested in the matter. It has been brought to the attention of the tourist bureau, the Department of Mines and Resources and the Department of Transport. That is the suggestion I wish to make.

It is said that on a clear day one can see for sixteen miles up or down the St. Lawrence river from the United States main span, and

fourteen miles from the Canadian span, and that view is just studded with islands. I do not need to tell the members of this committee that the Thousand Islands in the St. Lawrence constitute one of the great scenic features of the world, and this bridge traversing about eight miles through the heart of these islands is really something unique. I think it is worthy of consideration by the minister, whether it would not be to the advantage of the department from the standpoint of revenue, as well as advertisement in connection with tourist traffic, that a special stamp be issued to commemorate the opening of this bridge. I do not know whether any very large amount of cost is involved; but there will be a tremendous sale of post cards and all that sort of thing, and I think it would help to stimulate and promote the tourist traffic and at the same time bring in some additional revenue to the department. All I shall do is to ask the minister to consider the suggestion, investigate to find out what is being done in the United States and, if possible, lend the assistance of his department to the advertising of this attraction, in the hope that tourist traffic will be stimulated and developed and that this can be done to the advantage of Canada and without any immediate loss of revenue in connection with the issue of this stamp.

Mr. EULER: The general practice, I believe, is not to issue stamps except to commemorate something of great national importance. I do not say that this is not of that type and I shall be glad to give it consideration.

Mr. STEWART: They are considering it in the United States. It is suggested that the Prime Minister of Canada and President Roosevelt should shake hands on this international bridge. I should be glad myself to have the minister come; I would shake hands with him.

Mr. EULER: That is quite an inducement.

Mr. GREEN: Apparently there are about 12,000 post offices in Canada, but only about one-tenth of that number are empowered to transact post office savings bank business. Will the minister explain the basis on which that privilege is given to a post office? During the last two years many of the chartered banks have been closed in the smaller towns. Would it not be helpful to the citizens in such places if the right to deposit with the post office savings bank were made available to them?

Mr. EULER: I cannot say that there is any definite rule. Sometimes it is according to the demand in the locality and the probabilities of there being substantial deposits to make it worth while. I cannot give any other answer. I believe that these branches are conducted in those post offices where money orders are issued.

Mr. GREEN: Is it a fact then, that only one-tenth of the post offices in Canada can issue money orders? Surely that is not right.

Mr. EULER: No, that is not the case, nor is the reverse the case.

Mr. BETTS: What was the total amount of mail, in pounds or tons, carried last year?

Mr. EULER: First-class mail, 17,888,243 pounds; second-class, 121,575,000 pounds; third-class, 29,649,779 pounds; parcel post, 68,494,364 pounds. These checkups are taken only every few years. This is for last year. The plans are now being made for another enumeration this year.

Mr. BETTS: Can the minister give the same information for the year before that?

Mr. EULER: No, I have not that.

Mr. BETTS: Could that be looked up?

Mr. EULER: The enumeration is not made every year.

Mr. BETTS: Could it be looked up for the committee before these estimates are completed?

Mr. EULER: I am informed that there is no information which can be given with regard to the poundage of the previous year. I am sorry, but we do not have it.

Mr. MacNICOL: I wish to bring to the attention of the acting minister something in connection with the appointment of a postmaster for the Beaverton post office. I shall not find fault with what the department has done, nor am I going to find fault with the civil service commission; for, having looked into both sides of the matter, I am satisfied that perhaps what was done was all that could have been done under the circumstances. These are the facts. Apparently according to custom, the vacancy in the post office was advertised, the postmaster having died, I believe. Six returned soldiers applied to take the examination, and, of course, the acting postmaster also made application. The acting postmaster having been there fifteen years, and apparently having been very well thought of in the village, he easily obtained better marks than the six returned soldiers, who had not the same experience. I looked into the particulars and found that they were different from what

I had been told, and, as I have said, I now believe that what was done was probably all that could have been done. But I felt that in a similar case in the future, if the department knows, as it probably will know, that an acting postmaster has been filling a position for fifteen years in the post office and has a good reputation in the village, the department should not place returned soldiers in the position of being defeated, so to speak. They should not be put in a position where they will certainly not have a chance to obtain the post after taking the examination. If the department was satisfied that this acting postmaster was the one who should logically fill the job, he should have been given the job and these returned soldiers should not have been embarrassed in the way they were and made to suffer defeat.

Mr. EULER: My hon. friend knows that appointments of that kind are entirely within the purview of the civil service commission.

Mr. MacNICOL: I realize that and I am not finding fault with either the civil service commission or the department. What I am urging upon the acting minister is that if a similar case should arise in the future, and it is believed that the acting postmaster should be given the job, he should be given it without humiliating returned men.

Mr. EULER: I am inclined to believe that under the law they must conduct examinations. I doubt whether the civil service commission would have the power to appoint an acting postmaster.

Mr. BENNETT: He cannot be promoted under the regulations as they now are; he has to take his chance with others.

Mr. EULER: In this case they are not civil servants and therefore the principle of promotion is not involved.

Mr. HEAPS: Would it be possible in such a case for a person who had not been in the Post Office Department at all to come in and pass the examination with the result that the man who had been in the position for a number of years would not receive promotion?

Mr. EULER: It is possible, except for the fact, of course, that the returned soldier always gets the preference; otherwise it is within the power of the commission to appoint whom they please, and they would appoint according to the rank which the applicant took in his examination. It might work an injustice, of course.

Mr. MacNICOL: What struck me is that it seems hardly reasonable to examine these returned soldiers in a contest with a man who had already been acting postmaster and with fifteen years' experience. I am not finding any fault, but I feel sorry for the returned soldiers being up against an examination like that. If, as the leader of the opposition has said, the matter is purely in the hands of the civil service commission, I suppose nothing else could have been done.

Mr. PELLETIER: There is a point I should like to clear up concerning the protection of mail matter. I am sure the acting Postmaster General will hasten to assure me that once a letter is mailed with a three-cent stamp on it, the department is prepared to use all the force at its command to see that that letter is not tampered with and is properly delivered. In fact it is a serious matter to tamper with the royal mail. Then there comes to my mind the question of distribution of pamphlets at a rate of two cents an ounce, which I believe was quoted. If the minister is sure that the department will do everything in its power to protect mail, I should like him to give me some assurance. He must be aware that at the present time there is in effect in the province of Quebec a law known as the padlock law. If I intend to mail what I consider communistic propaganda in Quebec, is the acting Postmaster General in a position to tell me that he will rigorously protect my mail and complete the transaction by effecting delivery of the pamphlets no matter what may be said by any provincial law? I think the acting Postmaster General should make that clear. If I go to the trouble of paying the postage on this mail, does the minister intend to protect my property while it is in the hands of the government and to assure me that it will reach its destination in the province of Quebec, since that is a part of Canada as well as any other part of the country, notwithstanding any law passed by that legislature?

Mr. EULER: All mail on which postage has been properly paid has the protection of the law. Indeed, I am informed that the safeguarding and inspection of the mails cost the department a million dollars a year. All mail on which postage is properly paid will be protected by the department and delivered. If it is communistic literature such as my hon. friend refers to, I should think it would be subject to the laws of the country; if it is subversive of the law and advocates violence or anything of that sort, I think it might very properly be shut out of the mails. Otherwise I see no reason why it should not be carried.

Mr. PELLETIER: Of course that depends on what interpretation is placed upon the term "communism." It is commonly known that there is in Quebec at the present time this so-called padlock law, and that under various pretexts certain homes have been entered and books seized. But I want the acting Postmaster General to assure me whether, no matter what sort of literature it is, as long as it does not come into conflict with dominion law, the Post Office Department is prepared to fight to the last degree to assure me that my mail will be delivered in Quebec, no matter what interpretation the Quebec government may place upon it.

Mr. EULER: I can give my hon. friend that assurance very readily. If the mail matter does not violate a law of the Dominion of Canada, as far as I am concerned the mail will be carried. I am not supposed to have any particular knowledge of the laws of Quebec, and in any case I do not think the laws of Quebec override those of the Dominion of Canada.

Mr. HEAPS: There has been a great deal of seizure of papers in the province of Quebec the moment they entered certain stations.

Mr. EULER: Not in the mails.

Mr. HEAPS: I am wondering whether that literature seized went by the mails or by other means of transportation.

Mr. EULER: None was seized in the mails.

Mr. BENNETT: I think the minister is in error as to that. The other day in the course of the discussion I directed attention to the fact that mail bags had actually been seized, and photographs of the mail bags were published in the press. My objection was to any provincial authority, because of an alleged breach of a provincial law, seizing a mail bag from the custody of those who had it under their control. The question arose in the United States on one occasion, as the minister will recall, and I was greatly concerned about this matter. However, I do not think the minister should answer this; it is a matter which the Minister of Justice should deal with, and, frankly, I do not think it is fair to ask the acting Postmaster General to answer the question. But I should like to know whether or not the statement and the photographs published in the press correctly represent the incident. That, I think, comes under his department. The legal inferences and conclusions to be drawn from the seizure are matters that can be dealt with by those whose duty it is. The minister can only give me information as to whether or not any mail bag was actually seized and taken out of the custody and control of those who had it because it was alleged to contain communistic literature, and whether or not that mail bag was held by those who alleged that it contained these papers and letters which it was said were being carried in breach of a provincial statute.

Mr. EULER: I have some knowledge of the incident to which my right hon. friend refers. There were certain photographs published in which mail bags were shown. It is quite true that the department supplied to the publishers of that paper, as it does to other publishers, mail bags for their convenience. But the contents do not become mail until they reach the post office, and although no doubt there were papers in these bags which were photographed, it was really not mail because it had not yet been delivered to the post office. The mail bags have been recovered.

Mr. PELLETIER: How did it get into the mail bags if it was not mail?

Mr. EULER: It is not mail until the postage has been paid on it.

Mr. HEAPS: Where were those particular bags sent from?

Mr. EULER: The bags were, I understand, delivered to the publishing house.

Mr. HEAPS: Where?

Mr. BENNETT: I think in Ontario, and the mail carried to Quebec. That is my difficulty.

Mr. EULER: I am not sure about that; but the point I want to make is that all these publishing houses, for the convenience of the publishers and, I suppose, of the Post Office Department, have empty mail bags delivered to them, and these are filled with the publication and taken to the post office, but it is not mail until it is actually in the post office. These were the bags that were seized and photographed.

Mr. BENNETT: I do not want to press the point unduly because I do not think the minister is in a position to answer the legal question involved—

Mr. EULER: No, I would not attempt that.

Mr. BENNETT: —but I think he has overlooked one fact. The information published in the press indicated that the mail bags furnished by the department for the carriage of the papers were furnished in Ontario, and the papers having been placed in the bags, the bags were placed in a railway mail car and

transported to the province of Quebec. When they went into the mail car they went into his majesty's mail.

Mr. EULER: I would think so.

Mr. BENNETT: I think that is clear. And they were delivered at a railway station in Montreal and, under the alleged authority of a provincial statute, were seized before they could be taken to the post office for distribution. That is the story, as I gather it from the press. The photograph of the mail bags was published in the press. Now the issue is a narrow one; it is whether or not there is any authority to interfere with his majesty's mails on the part of those who allege a breach of a provincial statute, when the bags are in the custody and under the control of the Post Office Department; for those bags being carried in the mail car I am informed were under the control of the Post Office Department. They have vans which carry them on to the post office. In the first instance it gets down to a question of essential fact. I can only say that I am not informed as to that, beyond what I saw in the newspaper. I did mention it to the Minister of Justice the other day, and I think the matter is so serious that we should have some clear understanding as to just what are the circumstances.

Mr. EULER: I am afraid I have not all the information that perhaps I should have. Apparently I was mistaken when I said that these bags did not come from Toronto or Ontario. I understand now that they did. This representation is made to me, however, that those bags contained mail, technically mail, while they were in the baggage car or the mail car, whichever it was, which carried the mail into Quebec, but that they were then delivered into the custody of a publishing house in that province, which completed the work of the Post Office Department.

Mr. BENNETT: Yes; their transit was over.

Mr. EULER: After that they were no longer in the custody of the Post Office Department. As to the legal aspect of the matter I am not going to express an opinion.

Mr. HEAPS: The point I made previously was that literature of that kind had been seized at the railway station.

Mr. BENNETT: That was what I saw in the press, that one seizure was made at the station, before the bags had been taken to the publishing house.

Mr. EULER: I have no information on that at all, nor have the officials.

Mr. PELLETIER: I do not wish to place the minister in an embarrassing position by asking him to decide any legal question this evening. It was not my intention to do that; I believe that was interjected by other hon. members who have taken part in the discussion. However, since the matter has been brought up, I might suggest to the acting Postmaster General that a royal mail car carries the insignia of His Majesty the King. In my opinion a royal mail car is the property of his majesty; therefore, while there is anything within that car, no person is permitted to enter the car unless he is authorized to do so.

However, I am not going to ask the minister to decide on any legal technicality. I want him to give me the assurance that if I place a three-cent stamp on a letter containing material which might be considered communistic propaganda in the province of Quebec but which does not constitute an infraction of Canadian laws, and mail that letter in a post office, he will undertake to deliver it anywhere in the province of Quebec.

Mr. EULER: I have given the answer already; my hon. friend asked exactly the same question previously, and I answered it. I do not suppose I need answer it again. I may say this to my hon. friend, however, that he is quite right when he says that once mail bags are placed in a car which carries his majesty's seal, no one can interfere with those bags; but I understand that was not done. That mail was delivered out of that car into the headquarters of this publication in the province of Quebec, and then the work of the Post Office Department was completed. In any event that is the information I have. If my hon. friend has any information that a mail car was entered, I can only say that I have no knowledge as to that.

Mr. BENNETT: Or that the bags were seized at the station, which is what the newspapers said.

Mr. EULER: Not according to the information I have.

Mr. PELLETIER: If there is even a thought that possibly the mails of Canada are being interfered with, it might be serious enough for the department to take some action in this regard, and inquire into the matter as fully as possible. If, for example, anyone attempted to even get near a car with the idea of seizing mail or for any other purpose, I feel sure the department would do everything within its power to see that the Canadian mail, or his majesty's mail, was fully protected. I feel that in this instance the matter is sufficiently serious for the department to take

cognizance of it and fully inquire into all the circumstances in order to ascertain the exact position of the bags when they were seized.

Mr. BENNETT: I think the minister could easily say that he will give that assurance, because I think we are all interested in the matter, in order to ascertain what are the facts so that the minister may be able to state with authority just what has taken place in connection with the interference with these mail bags, whether they were then mail or not; whether they were in the custody of the crown, which is the Post Office Department, or whether the transit had ended. Certainly I feel that we should have those facts before us. I would, however, hardly expect the minister to have the details before him at the moment.

There is one other matter that I think the hon. member for Peace River should keep in mind. It is this: There is a right to interfere with his letter carrying the three-cent stamp if it contains lottery tickets, for instance, or matters of that sort. But that is not a provincial matter; that is power which is vested in the Post Office Department itself under the statute; for there is a certain amount of forbidden material in connection with which the department can exercise its jurisdiction.

Mr. PELLETIER: But through the federal officers.

Mr. BENNETT: Yes. There are certain matters in regard to patent medicines, lottery tickets and so on; but the right of a provincial official or constable to allege that a mail bag contains something he does not like, and to take that mail bag out of the custody of the crown and impound it is something that, I believe, has been contested and fought against with great tenacity, and I think it should continue to be fought against. But, as the minister has said, everything depends upon the facts.

Mr. PELLETIER: Quite so, and they should be ascertained.

Mr. EULER: I think there is with regard to this matter a report which I shall certainly examine, but I am assured that this mail matter was not legally in the possession of the Post Office Department at the time the seizure was made. However, I shall make further investigation, and if the opportunity offers I may be able to give more complete details.

Mr. HEAPS: As far as I know there was more than one seizure made of papers and so on. I do not know whether they went through the mail or by express; but now that the minister has been made aware of the situation, I trust he will make his inquiries as complete as possible in order to ascertain all the facts in the matter.

Mr. BETTS: Could the minister explain the machinery for apprehending forbidden mail such as that mentioned by the right hon. leader of the opposition, lottery tickets and material of that type?

Mr. EULER: I am going to read my hon. friend the section of the act bearing on that point. I would not be too confident that I could describe to him in detail the machinery which is set in operation, because really I am not very familiar with it. But the act states:

> The Postmaster General may, subject to the provisions of this act—
>
> (d) make regulations declaring what shall and what shall not be deemed to be mailable matter for the purposes of this act, and for restricting within reasonable limits the weight and dimensions of letters and packets and other articles sent by post, and for prohibiting and preventing the sending of explosive, dangerous, contraband or improper articles, obscene or immoral publications, prints or photographs, or obscene or immoral postcards, or letters or postcards having printed, stamped or written on the outside thereof any words or devices which, in the opinion of the postmaster general, tend to injuriously affect the commercial or social standing of the persons to whom they are addressed—

I am not in a position to state exactly the procedure followed by the Post Office Department.

Mr. BETTS: The Postmaster General is given power to make regulations governing various matters. What are the regulations now in force along these lines?

Mr. EULER: The Postal Guide, I believe, has a great many of them. There are literally hundreds, and I suppose my hon. friend might obtain a copy of that publication and examine them for himself. I do not suppose I could give them all to-night, and in any case I do not have them here. Is there any particular regulation on any particular subject on which my hon. friend desires information?

Mr. BETTS: The particular point in which I am interested is to know where the duty is imposed? Do the regulations impose a duty on every postmaster and on every sub-postmaster, or whoever has charge?

Mr. EULER: The postmaster is instructed that when the appearance of anything in the mail leads him to believe that it contravenes the law, he must send it either to the dead letter office or to the inspector for the district who, in turn, sends it to Ottawa.

Mr. BROOKS: Why was it necessary to hold two separate examinations at different times to fill the vacancy of postmaster at Grand Falls, New Brunswick? Did any returned soldiers apply for the position?

Mr. EULER: The file is not before me, and I cannot give the information.

Mr. BROOKS: Would the minister undertake to give it to me at a later date?

Mr. EULER: I would be glad to get the information.

Mr. GREEN: In the particulars respecting this item there is a sum of $615,000 for temporary assistance, which represents an increase of $100,000 over last year. What is the reason for that increase, and what is covered by the item?

Mr. EULER: An increase in temporary assistance on post office staffs to liquidate the time due for statutory holidays, overtime and extra time worked at Christmas. There is a ten per cent restriction now on permanent appointments. That restriction applies in varying degrees to all the departments. Then, of course there is the increased business, and the necessity to cover emergencies and additional statutory holidays occurring in the year 1938-39.

Mr. GREEN: Does that account for the increase of $100,000?

Mr. EULER: Yes; so I am informed.

Mr. GREEN: I notice an increase of about $60,000 in the item for equipment and maintenance. What is the reason for that increase?

Mr. EULER: The general reason is the increase in business, and the buying of rubber stamps, stamp pads, cancelling rubber stamp ink, miscellaneous materials, scales, weights and so on. This item reflects the increased business, as purchases in many lines keep pace with the growing revenue. Advancing prices also in some measure account for the increased appropriation requested.

Mr. TAYLOR (Nanaimo): What is being done with the rural mail clerks? Many hon. members have received letters drawing attention to their difficulties.

Mr. EULER: I do not wish to put my hon. friend off, but perhaps his question might better be discussed under another item.

Mr. BROOKS: I notice at page 167 of the estimates an item for forty-seven postal helpers who were employed in 1937-38 at a cost of $60,300, but who are not employed in 1938-39. Were those men absorbed by the department and, if their work was necessary in 1937-38, how is it now carried on?

Mr. EULER: The class of postal helpers has been abolished. They are now classified as mail porters, letter carriers and postal clerks.

Mr. BROOKS: They were absorbed?

Mr. EULER: They are still employed, but go under a different designation.

Mr. TUSTIN: How is the commissioner appointed when a charge is laid against and an investigation made in connection with a postmaster?

Mr. EULER: By order in council, upon recommendation of the Minister of Justice.

Mr. TUSTIN: Is he paid so much per case or per sitting?

Mr. EULER: The Minister of Justice will have to answer that. I am informed that the commissioner sends in his bill, and that it is taxed by the Department of Justice.

Mr. TUSTIN: Has the commissioner the right to call witnesses?

Mr. EULER: Yes.

Mr. TUSTIN: Are those witnesses entitled to remuneration?

Mr. EULER: I would think so, although I do not know.

Mr. BENNETT: The commissioner usually goes to the community.

Mr. EULER: Yes. In court the witness is entitled to his pay, but I do not know whether in these cases witnesses are paid.

Mr. BENNETT: I never have heard of their being paid.

Mr. EULER: The Minister of Justice would know.

Mr. BROOKS: Does the department always take the finding of the commissioner appointed, or does it review the finding? I know of several cases where reports of commissioners have created great injustices. I am sure if the department had investigated, as it should have, it would not have come to the same conclusions as those arrived at by the commissioners.

Mr. EULER: I am sure that in some cases reports of commissioners are not accepted. Although this matter does not arise in my own department, I do know where a commissioner recommended a dismissal, making a finding of political partisanship, but the minister did not regard the evidence sufficient to justify a discharge. I dare say in the majority of cases, if a commissioner

finds a man guilty and recommends dismissal, his advice is followed. However, I cannot say to what extent that is done.

Mr. BROOKS: I am sure it would not have been done if the action of the postmaster had been investigated by the department.

Mr. TUSTIN: Does a commissioner always make a report after investigation?

Mr. EULER: Yes.

M. TUSTIN: Is there any set time in which he must make his report?

Mr. EULER: I do not know that there is any limit to the time within which he must report. I imagine that question does not arise.

Mr. BETTS: Could the minister tell us as to the frequency with which this machinery is invoked? For instance, how many investigations were held under this procedure last year?

Some hon. MEMBERS: Oh, oh.

Mr. EULER: I think my hon. friend has his answer now. We were discussing that some time ago when he was outside the house.

Mr. GREEN: There are some 8,300 odd postal employees covered by this vote; are they all employed in the larger cities?

Mr. EULER: Only in the larger places.

Mr. GREEN: How many cities would be covered?

Mr. EULER: Eighty-five.

Mr. GREEN: What are the number of employees in each province?

Mr. EULER: We have the number by offices, not by provinces.

Mr. GREEN: Could the minister give the number for the ten largest cities?

Mr. EULER: I shall pick some out of the eighty-five, as follows:—

Calgary	244
Guelph	41
Halifax	146
Hamilton	272
London	163
Montreal	1,564
Kitchener	48
New Westminster	70
Ottawa	396
Peterborough	46
Quebec	283
Regina	224
St. Catharines	44
Saint John	99
Saskatoon	112
Sherbrooke	52
Toronto	1,823
Vancouver	535
Victoria	119
Windsor	135
Winnipeg	584

[Mr. Euler.]

Mr. GREEN: Would rural mail carriers be included?

Mr. EULER: No; those are all civil servants.

Mr. BENNETT: I do not desire to delay the committee; but in considering this question of saving banks I have formed a very strong opinion, and I made up my mind some time ago that I would express it. The truth is that we have had only $20,000,000 odd in the postal savings banks of the country for a number of years. In New Zealand the Post Office Department maintains the following services: First, the post office; second, the long distance telephone; third, telegraph services in any fairly large community, and, fourth, the savings banks. The manager of the New Zealand postal service, Mr. McNamara, deals with this whole service as a matter of business. No interest is allowed on money taken in during the broken part of the month; that is, the interest does not begin to run until the first day of the succeeding month. No interest is paid upon broken sums of money; that is, the interest is paid only on even amounts. This money is loaned to the treasury of the Dominion of New Zealand, which pays interest upon it. The result was that in one year a substantial amount of money was earned, and there were loaned to the government very substantial sums of money which proved quite useful.

In Canada the delay in getting money out of the savings banks is so great that they have, I am sorry to say, served no useful purpose. I realize it is quite unfair to direct these observations to the acting Postmaster General—we all regret the illness of the Postmaster General—but I want to put on record the suggestion that we should do something to increase our postal savings facilities. The need for these facilities is growing greater, in western Canada especially, as the chartered banks can no longer maintain many of their offices in the small communities, especially since these distressing days have arisen. The post office would always be in a position to receive deposits as they do in New Zealand and permit them to be withdrawn easily and quickly up to a certain amount. They have done something in this direction up to $50, but in practice there are apparently undue delays and it occurs to me that possibly something might be done to provide additional banking facilities, if I might use that term, for the population that has been denied the services of the chartered banks.

The present rate of interest is two per cent, and with all deference I suggest that if we want to do the right thing we should pay at least two and a half per cent to these depositors. That is the way in which it occurs to me. I believe if these facilities were increased, this would prove conducive to thrift in communities where thrift is desirable and where such facilities are no longer available. That is my conviction with respect to the matter, and I thought I would bring it to the attention of the department.

I was impressed when one day I stopped in a remote community in New Zealand to have lunch, went into the post office and found that the postmaster was a trained telegrapher. He also had long distance telephone facilities, the post office and the savings bank. All these conveniences were under the one roof. When I came back to Wellington I saw Mr. McNamara who operates the whole postal service as an enterprise under his immediate control. I found that the sums of money that he was able to lend to the dominion were very large. A useful purpose was being served in New Zealand, and I do not think we have extended these facilities in Canada to the extent we should. I think we could strengthen our position considerably, just as has been done in Great Britain, where the postal savings amount to substantial sums of money and where the savings certificates also bring in large sums.

Then in the United States, a very rich country, we find the treasury in Washington providing facilities throughout the country for the purchase of certificates paying rates of interest higher than two per cent and maturing at the end of five or ten years, as the case may be. These certificates are sold in multiples up to $10,000, but I do not think we could go as far as that. However, this might be a matter for consideration by the Minister of Finance.

I do not suggest that the acting minister is in a position to-night to deal with this matter of savings banks, nor do I expect him to, but he might consider the question from all angles. The first useful purpose to be served would be the providing of facilities to people who had no other facilities, and the next purpose would be the inducing of people, even in the little communities where small sums of money are saved, to acquire habits of thrift. What has been done in other countries could be done here.

Mr. BETTS: I notice an item on page 167 of printing and stationery, $167,500. That seems to be a large sum of money for this purpose and perhaps the minister could give us some details.

Mr. EULER: In former years a bulk amount for printing and stationery appeared in the estimates for civil government and the outside service respectively. This year the item appears under post office and five other votes. Under the law the department is required to secure all printing and stationery from the government printing bureau. Therefore, practically the whole proportion will be utilized to reimburse the government printing bureau for printing and stationery required by staff post offices and the headquarter units which administer those offices. These requirements include all kinds of printed forms used by post office and at headquarters, as well as the regular items of stationery. A small increase is due to the increased needs from expansion of business.

Mr. BETTS: Is the printing done by contract, or how is it done?

Mr. EULER: At the government printing bureau.

Item agreed to.

Inspection and investigation, $1,046,840.

Mr. BROOKS: I see the position of supervising dead letter clerk. What trouble is taken to determine the destination of these dead letters after they come to the dead letter office? Are there specialists who work on them and try to find the proper destination, or do they simply remain in the dead letter office after reaching Ottawa?

Mr. EULER: The letters are opened; anything valuable is removed, and an effort is made to find out to whom the letter belongs.

Mr. BENNETT: There is a dead letter office in each province.

Mr. EULER: They are scattered all over the country. I do not think they are limited to one in each province.

Mr. BENNETT: No; but there is at least one in each province.

Mr. BROOKS: How long are the letters held before being destroyed when you cannot find the proper destination for them?

Mr. EULER: If there is no indication whatsoever of the address, no reasonable indication to whom the letter belongs, it is destroyed immediately, and if there is any money in the letter it is placed in the consolidated revenue fund. The government makes that much out of it.

Mr. BETTS: In the details on page 169 of the estimates I see there are three postal chauffeurs. Where are they employed and what are their duties?

Mr. EULER: One each at Montreal, Ottawa and Toronto.

Mr. BETTS: Are they personal chauffeurs for the postmasters, or what are their duties?

Mr. EULER: They are attached to the district offices and are used for inspection purposes by the officers.

Mr. BARBER: What are the duties of the mail porters?

Mr. EULER: They handle the mail at the post office doors and at the station, transferring it from the vehicle to the trains and to the offices.

Mr. BETTS: There is a new position, on page 168, superintendent investigations division, salary $3,240. Would the minister tell us the duties of that officer, why he has suddenly been appointed, and how the department got along without him before?

Mr. EULER: The appointment of this officer is the result of the reorganization in Montreal. There will be a similar officer in Toronto.

Mr. BROOKS: Why did the office boy receive such a tremendous cut in salary, from $1,320 in 1937-38 to $540 this year?

Mr. EULER: It is because of the substitution of a lower priced employee for a higher priced one.

Mr. BETTS: The minister spoke of the reorganization of the Montreal post office. I notice another new officer, superintendent of services division. Would the minister tell us what his duties are, where he carries them out, and how the department got along without him before?

Mr. EULER: This man is in charge of the making of contracts in that district and has other duties as well.

Mr. BETTS: The superintendent of services division is in charge of making contracts?

Mr. EULER: Yes.

Mr. BETTS: In what district?

Mr. EULER: There is one each in Toronto and Montreal.

Mr. BETTS: I am afraid I do not understand that. The superintendent of services division is in charge of making contracts in Toronto and Montreal.

Mr. EULER: There is only one mentioned here for the district of Montreal; but a similar organization will obtain in Toronto, and the duties are as I have described them, the making of contracts and other duties.

[Mr. Betts.]

Mr. BENNETT: Services would hardly seem to be contracts.

Mr. EULER: I admit that the designation hardly seems to agree with the work, but that is the explanation which is given to me.

Items stands.

Progress reported.

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

Monday, March 14, 1938

The house met at three o'clock.

NEW MEMBER

Mr. SPEAKER: I have the honour to inform the house that the clerk of the house has received from the chief electoral officer certificate of the election and return of the following member, viz.:

Of Georges Henri Héon, Esquire, for the electoral district of Argenteuil.

VACANCY

Mr. SPEAKER: I have the honour to inform the house that I have received a communication from two members notifying me that the following vacancy has occurred in the representation, viz.:

Of Peter Sinclair, Esquire, member for the electoral district of Queens, Prince Edward Island, by decease.

I accordingly issued my warrant to the chief electoral officer to make out a new writ of election for the said electoral district.

STANDING COMMITTEES

RAILWAYS, CANALS AND TELEGRAPH LINES—MISCELLANOUS PRIVATE BILLS—CHANGES IN PERSONNEL

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

That the name of Mr. Mulock be substituted for that of Mr. Chevrier on the standing committee on railways, canals and telegraph lines.

That the name of Mr. Chevrier be substituted for that of Mr. Mulock on the standing committee on miscellaneous private bills.

Motions agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

BEAVERTON, ONT., POSTMASTERSHIP

Mr. CHURCH:

1. How long was the postmastership of Beaverton vacant, and when was it filled?
2. What is the name of the new appointee, and what was his previous occupation?
3. Was he formerly employed by the Post Office Department, and, if so, where?
4. Did he resign during the war? If so, why, and to enter what calling?
5. How many applications were received; (a) how many were from returned soldiers, and (b) how many from civilians?
6. After the war, did not the successful applicant go back to the Post Office Department? If so, from what situation of employment?
7. Was a returned soldier given this appointment? If not, for what reason?

Mr. RINFRET:

1. Postmaster died on 12th April, 1937. Vacancy was permanently filled on the 21st February, 1938.
2. Donald Clark Calder, assistant postmaster at Beaverton.
3. According to his own statement Mr. Calder was assistant in the Beaverton post office twelve years. Was also a clerk at Walkerville post office for three years, and at Lindsay post office for ten months.
4. No information. The department keeps no record of employees of revenue postmasters.
5. Seven: (a) six; (b) one.
6. No information. The department keeps no record of employees of revenue postmasters.
7. No. As a result of the competitive examination on January 21, 1938, it was found that none of the returned soldiers had secured the necessary pass marks, and consequently were not deemed qualified to fill the position.

ASSISTANCE TO FISHERMEN OF MARITIME PROVINCES

Mr. BROOKS:

1. What amounts of money were paid each month by the federal government in bonus or other assistance to the fishermen of the maritime provinces for the year 1937?
2. What amounts by provinces and districts?

Mr. MICHAUD:

1. Contributions to provincial funds from which aid was given by the provinces concerned in establishing or better establishing fishermen and groups of fishermen in the industry:

Loans	Nova Scotia	Prince Edward Island	New Brunswick
January, 1937	$ 8,512 75	$ 3,186 54	....
February	9,573 93	672 50	....
March	1,307 19	3,672 50	....
April	22,799 72	3,502 37	$18,180 49
May	6,282 87	....	....
June	....	....	....
July	10,784 09	....	....
August	16,477 61	10,125 41	....
September	3,266 94	....	....
October	3,484 73	3,007 37	....
November	6,872 80	11,532 50	....
December	7,430 36	6,707 63	....
	$96,792 99	$42,406 82	$18,180 49

Note:—No information as to districts.

2. Statement of fishing bounty payments made in the maritime provinces for 1936-37:

Province and county	Total amount
Nova Scotia—	
Annapolis	$ 1,458 00
Antigonish	2,052 10
Cape Breton	7,288 70
Cumberland	13 40
Digby	4,201 80
Guysboro	7,011 60
Halifax	9,426 90
Inverness	3,556 50
Kings	713 70
Lunenburg	16,468 10
Pictou	271 10
Queens	2,793 80
Richmond	4,047 30
Shelburne	11,060 40
Victoria	3,507 90
Yarmouth	3,477 80
	$ 77,349 10

2. Statement of fishing bounty payments made in the maritime provinces for 1936-37: —*Concluded*

New Brunswick—	
Charlotte	2,002 20
Gloucester	15,215 65
Kent	2,813 00
Northumberland	325 60
Restigouche	44 90
Saint John	106 90
	$ 20,508 25
Prince Edward Island—	
Kings	1,567 50
Prince	8,360 00
Queens	3,567 45
	$ 13,494 95
Grand total	$111,352 30

Note: Fishing bounty claims for one year are paid as early in the following one as it is feasible to deal with all such claims. Payments are usually made not later than the month of March.

SUBSIDIES AND GRANTS TO THE PUBLIC COLD STORAGE WAREHOUSES

Mr. DESLAURIERS:

1. What sums has the dominion government allotted to the different provinces for refrigerating plants for the years from 1934 to 1938?

2. Has the province of Quebec made application for such subsidies?

Mr. RINFRET:

1. The dominion government has not allotted sums of money to the different provinces but the Department of Agriculture has paid the following amounts as part payments on subsidies and as grants, to individual firms towards the construction and equipment of public cold storage warehouses.

	Fiscal years ending March 31			
Province	1934-35	1935-36	1936-37	1937 to Feb. 28, 1938
Prince Edward Island	....	$ 641 59	$ 611 88	$ 8,182 95
Nova Scotia	$11,230 02	6,708 29	8,172 25	4,557 26
Quebec	1,235 00	160 00	23,100 00	....
Ontario	65,194 04	39,086 25	20,784 80	10,314 48
British Columbia	20,845 18	36,035 06	52,541 62	46,786 38

2. No application received from government of province of Quebec but applications received from individual firms in the province.

WEIGHTS AND QUANTITIES—TESTS AND PROSECUTIONS

Mr. DOUGLAS (Weyburn):

1. How many items of purchase were made by the weights and measures service to test for accuracy of delivered quantities during the fiscal year 1936-37 and the present fiscal year up to and including December 31, 1937, on the following commodities: (a) groceries; (b) meats; (c) bread; (d) gasoline; (e) motor oil; (f) coal?

2. What was the number of prosecutions arising out of these inspections for offences under section 63 of the Weights and Measures Act during the fiscal year 1936-37 and the present fiscal year up to and including December 31, 1937, on the following commodities: (a) groceries; (b) meats; (c) bread; (d) gasoline; (e) motor oil; (f) coal?

[Mr. Michaud.]

Mr. EULER:

1.	Apr. 1, 1936 to Mar. 31, 1937	Apr. 1, 1937 to Dec. 31, 1937
(a) Items	9,616	4,175
(b) Items	3,835	1,974
(c) Items	4	—
(d) Items	—	—
(e) Items	—	—
(f) Items	7	—
2.		
(a) Prosecutions	81	68
(b) Prosecutions	75	48
(a & b) Prosecutions	29	23
(c) Prosecutions	—	—
(d) Prosecutions	—	—
(e) Prosecutions	—	—
(f) Prosecutions	—	—

HEAVY DUTY SCALES

Mr. DOUGLAS (Weyburn):

1. How many heavy duty scales have had their capacity reduced for safe use by trucks: (a) grain scales; (b) other scales?

2. How many heavy duty scales, if any, have had their weighing capacity increased: (a) grain scales; (b) other scales?

3. If the weighing capacity of heavy duty scales has been increased, what was the reason for this action?

Mr. EULER:

1. (a) No statistical information; (b) Six in Ottawa, no statistical information.

2. (a) and (b) no statistical information.

3. To make possible the weighing of a small percentage of heavy trucks: to avoid undue cost and obstruction to the transport and marketing of goods, and because of the impossibility, both financially and mechanically, of replacing all the weighing machines involved regardless of conditions and a time factor.

IMMIGRATION, 1926-37

Mr. DENIS:

How many immigrants entered Canada in each year from 1926 to date?

Mr. CRERAR:

Calendar years: 1926, 135,982; 1927, 158,886; 1928, 166,783; 1929, 164,993; 1930, 104,806; 1931, 27,530; 1932, 20,591; 1933, 14,382; 1934, 12,476; 1935, 11,277; 1936, 11,643; 1937, 15,101.

RENFREW, ONT., POST OFFICE

Mr. WERMENLINGER:

1. How much money was spent on work recently done on the post office in the town of Renfrew?

2. Who was the inspector appointed by the Department of Public Works?

3. Upon whose recommendation was he appointed?

4. What was the amount of his salary?

5. What is his nationality?

6. Is he a Canadian citizen?

7. Does he owe allegiance to the United States?

Mr. CARDIN:

1. $16,069.86.

2. T. G. Devine.

3. Chief architect, Department of Public Works.

4. $125 a month.

5. Canadian.

6. Yes.

7. No.

IMPORTS FROM JAPAN

Mr. LENNARD:

What was the value of the imports into Canada from Japan for the years 1935, 1936 and 1937, respectively?

Mr. EULER: 1935, $3,565,026; 1936, $4,296,558; 1937, $5,874,940.

SHIPMENT OF CHAIRS CLEARED AT WINNIPEG—BASIS OF DUTY AND SALES TAX

Mr. MAYBANK:

1. Was a shipment of eleven boxes of chairs cleared at the port of Winnipeg on April 24, 1937, having a value for duty purposes of $233, and being an exportation to Canada direct from the United States?

2. If so, what was the value for duty purposes of said shipment?

3. What was the amount of duty payable on said shipment?

4. What was the total laid down cost of such goods in Winnipeg after the sales tax was applied?

5. Was the sales tax levied upon the cost plus duty plus excise tax, or only upon the cost plus duty?

6. How much was the sales tax?

Mr. ILSLEY: With regard to this question, Mr. Speaker, it is contrary to the established practice of the Department of National Revenue to give information which would disclose particulars of either single or total importations by individual importers.

Mr. SPEAKER: Dropped.

JAPANESE IMMIGRATION—BOARD OF REVIEW

Mr. STIRLING:

1. How many deportations of Japanese for illegal entry occurred in each year since 1930?

2. When will the board of review, referred to by the Prime Minister on page 1131 of Hansard, commence its operation?

3. How is the board constituted?

4. Will public advertisement be made when the board is prepared to receive information?

Mr. MACKENZIE KING:

1. 1930, 4; 1931, 7; 1932, 59; 1933, 26; 1934, 17; 1935, 10; 1936, 13; 1937, 9.

2. The board of review will meet for organization in Vancouver on the 21st March.

3. The board of review will be composed of the following members of the government service: Dr. H. L. Keenleyside of the Department of External Affairs, Ottawa, chairman; Mr. F. W. Taylor, district superintendent of immigration, Vancouver; Inspector G. W. Fish, Royal Canadian Mounted Police, Vancouver.

4. Yes.

QUESTION PASSED AS ORDER FOR RETURN

DEPARTMENT OF NATIONAL DEFENCE—COAL

Mr. DOUGLAS (Weyburn):

1. What was the total amount of Government purchased coal by or on behalf of the Department of National Defence for the fiscal years commencing April 1, 1930, to date?
2. What were, (*a*) the names of the firms supplying this coal; (*b*) the amount of coal supplied by each firm; (*c*) the price per ton, and the amount paid to each firm?
3. Were these purchases made by tender or otherwise?
4. What was the type of coal so purchased, and the country of origin?
5. Where coal was purchased under tender, what were the terms of the tenders for each period?
6. Has any official of the Department of National Defence refused to supply tender forms to any coal dealer in connection with the purchase of coal during the period from April 1, 1930, to date?
7. If so, what coal dealer was refused, and what were the reasons for the refusal?

MOTIONS FOR PAPERS

PORT MORIEN, N.S., BREAKWATER

Mr. HYNDMAN (for Mr. Brooks):

For a copy of all payrolls in connection with work done on the breakwater at Port Morien, Cape Breton South, Nova Scotia, during the year 1937.

ST. CATHARINES, ONT., CUSTOMS EXCISE CLERK

Mr. LENNARD (for Mr. Lockhart):

For a copy of all correspondence, telegrams, petitions and other documents in the possession of the Department of National Revenue, with respect to the appointment of a customs Excise clerk at St. Catharines on August 9, 1937.

OKA INDIAN RESERVATION

Mr. LENNARD (for Mr. Walsh):

For a copy of all papers, communications, reports and other documents received by, or sent from the Department of Indian Affairs during the year 1937 from or to any persons in connection with the Indian reservation situated at Oka, Quebec.

QUEBEC, DISTRICT EXHIBITIONS

Mr. ROBERGE:

For a copy of all correspondence, letters, telegrams and other documents exchanged between the dominion Department of Agriculture and the provincial Department of Agriculture of Quebec, from November 1, 1937, to date, relating to negotiations between the dominion government and the government of the said province, in connection with district (junior) exhibitions to be held in that province in 1938.

CORRESPONDENCE IN POWELL-UNWIN CASE

Mr. HANSELL:

For a copy of all letters, telegrams and other communications exchanged between the Prime Minister and Major C. H. Douglas with respect to the Powell-Unwin case.

[Mr. Mackenzie King.]

BUSINESS OF THE HOUSE

PRECEDENCE FOR GOVERNMENT BUSINESS ON AND AFTER WEDNESDAY, MARCH 23

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

That on and after Wednesday the 23rd March to the end of the session, government notices of motions and government orders shall have precedence on Wednesdays over all business except introduction of bills, questions by members and notices of motions for the production of papers.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, I think this motion is debatable; I also think it is out of order. I also think it is unjust, but of course that is a matter of opinion. Taking the point that it is out of order, the house is governed by certain rules known as standing orders, arrived at by consultation in committee of the whole house, to which we adhere very strictly. Standing order 15 is one of the most important of these. I see that it was first introduced in 1867 and has stood the test of four separate revisions since then. That order prescribes the procedure of the house, and on Wednesdays it says the order shall be as follows: Questions, notices of motions, public bills and orders, government notices of motions and government orders. It does not forbid government orders; it only gives the other business precedence. Now we come along with this resolution which says we are not going to follow that procedure on Wednesdays, and we say nothing whatever about standing order 15. I submit that we ought to repeal or suspend it, or do something about it; otherwise we shall have two conflicting procedures, so to speak. As a precedent I might cite the situation which often arises in this house, when the chairman of a committee moves for the printing of a report, or evidence, or something like that. He always says, "standing order 64 notwithstanding." That has been omitted in this case, though of course that could be remedied on a later occasion.

With regard to the unfairness of the thing I would make this comment. There are sixteen resolutions on the order paper which as yet have not been heard even once. My resolution happens to be the third on the list. It will not be reached the day after to-morrow, so it will never be reached at all. I lodged that resolution with the clerk about a month before the house met, which seemed not an unreasonable time. Other members coming along later waited, as was their privilege, until the house met before presenting their resolutions, which by this motion are prevented from being heard. I submit that they should

be given at least one opportunity to present their views. I agree with what was said the other day by, I think, the hon. member for South York (Mr. Lawson) who suggested that all resolutions on the order paper before a certain date should be heard, or alternatively I would suggest that Wednesdays always be left open for private members. We are supposed to be governed by democracy, and democracy is the expression of the wishes of the people by their elected representatives. While we may not like some of the resolutions —I wholly disagree with some of them— nevertheless I feel like fighting in order that they shall be heard, because in that is involved the right of free speech. If people are not allowed to relate their views, how are the government and the house going to be informed of their wishes? This takes away from private members their rights under the rules to which we all agreed, without saying anything about standing order 15, as I have already suggested. It is taking a little bit more away from our democratic rights. It may not be a very important thing; if none of these resolutions are heard I do not suppose the country will suffer very materially, but there is a danger involved. If this or any government—I am not singling out this government particularly—can come along and simply pass by a majority vote, not by unanimous consent, a resolution of this kind, it is possible to conceive of a government passing a resolution to the effect that members of the opposition should be heard for only five minutes, or only on Fridays, or something like that. There is a danger in that situation against which we should guard. We had better stop the leak in the embankment before it becomes overwhelming.

It has been suggested that this is necessary in order to save time, but I do not agree with that. Right towards the end of the session, when we were extremely busy, I have seen the house adjourn at six o'clock because it happened to suit the convenience of a certain group who wanted to go to a certain dinner, or something of that kind. I have even known the house to adjourn in order to listen to election results. I am not particularly asking the government to allow one more Wednesday in order that I might have my resolution discussed. I am trying to stress the point that here are sixteen members who have put resolutions on the order paper and, because of our peculiar rules, or because the government cuts off the rules, they are not going to be heard. The big parties wonder why the groups in the corner are increasing in volume and number at every election. Perhaps it is because people are getting suspicious. They do not see anything done, and they begin to think that democracy has been a failure. It is not that democracy has been a failure; it is that democracy has not been accorded the justice to which she is entitled.

I submit the motion is out of order on the one technical point to which I have alluded, namely standing order 15, and on the wider and bigger point of order, which is not founded on any rule, but on the fact that it is desirable in the name of democracy that resolutions by private members should have an opportunity to be heard during the session.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the hon. member for Comox-Alberni (Mr. Neill) knows, as do other hon. members, that a few weeks after parliament has been in session it is usual for the government to take Mondays and Wednesdays for its business, and that the method which has been adopted in that connection has been that of giving forty-eight hours' notice on the votes and proceedings. When the motion comes before it, the house may either give its unanimous consent or vote upon the motion.

This year in asking the right to take Wednesdays for government business the government is proceeding in the same way as have previous governments and the present one on all former occasions.

As to the suggestion that the motion is out of order may I say to the hon. member that the house has, at all times, control of its own business and may, by unanimous consent, or upon motion after forty-eight hours' notice, make such alterations in the order of business as it deems advisable.

Forty-eight hours' notice has been given. Notice was given on Friday last, and appeared in the votes and proceedings for that day. In the regular course the motion appears on the order paper to-day. No exception therefore can be taken on the score of the rules not having been complied with.

Mr. NEILL: What about the standing order?

Mr. MACKENZIE KING: Exception may be made to a standing order, where it relates to the business of the house, and where the consent of the house is given either unanimously or, if necessary, by vote. The hon. member knows that this is a procedure which has been followed every year he has been in the house. I may say to my hon. friend, what may be a matter of surprise to him, namely that I believe this year the government has

been more generous in the number of days it has accorded to private members than has been the case in almost any year he has been in the house—and he has been here a long time.

The second point raised by the hon. member is that it is not democratic to permit the government to take from private members' days to carry on its business. He has said that in a democracy the elected representatives of the people are sent here to carry on the business of government. I take no exception to that statement, but I would add that the government represents the elected representatives of the people who have been entrusted with the business of government. If, after the people select a government to carry on the business of the country, we were to adopt a rule whereby the time of parliament would be taken up by private members who may not support the administration and who wish to discuss a number of questions of less importance than those the government may wish to present, we would not have democratic representation in the true sense of the word.

The hon. member has said it is necessary to give time for the debate of private motions, so that members may ventilate their views in connection with other matters. May I point out to him that there are many opportunities for ventilating views. When the house is moved into supply it is possible for hon. members to present their views on any question. Again, there is scarcely a subject touched upon in any private member's resolution which would not, at some time, come up for discussion in the committee of supply.

The hon. member has said that there are sixteen more private members' resolutions on the order paper, and that before taking an extra day for government business we ought to run through the list. If that reasoning were to apply, there is no reason why 360 resolutions might not be placed on the order paper, in the names of private members, should there be a desire to block the government in expediting its business.

Far from seeking in any way to limit hon. members in their customary rights, the government has proceeded in precisely the opposite way. We did not give notice for government business to take precedence on Mondays and Wednesdays until after a larger number of those days had been accorded hon. members than has been the case at any time since 1930. That is the condition, apart from the time taken up in the discussion of the debate on the address.

If the present motion is adopted, seven Wednesdays will have elapsed before any Wednesday will have been taken away from private members. Of those seven Wednesdays, five will actually have been used as private members' days. The house will notice that in my motion I have not suggested that government notices of motion and government orders should take precedence "on and after Wednesday the 16th March," which would be Wednesday next. I have purposely worded the motion so that it would apply a week hence. I might have done as has been done in previous years, namely insert the date of the 16th March, and then, as a result of a question such as that raised by the hon. members, have conceded an extra week. However, I thought it better to make it apparent at once that we were not seeking to take next Wednesday, but were prepared to give that additional day to private members, thereby making a total of seven Wednesdays since the opening of the session.

May I give the hon. member the figures respecting the Wednesdays which have been taken since 1932. They are as follows:

Session of	Number of Wednesdays elapsed between opening and date on which Wednesdays taken away as private members' day
1932	4
1932-33	3
1934	6
1935	5
1936	3
1937	6
1938	7

The same situation applies with respect to Mondays, as the following figures will show:

Session of	Number of Mondays actually available as private members' days
1932	5
1932-33	4
1934	4
1935	3
1936	4
1937	2
1938	4

Those are the Mondays which were actually available, apart from the time occupied in the discussion of the debate on the address. Therefore I say that instead of an exception being taken to the request which has been made by the government, in their own interests as well as that of the government, hon. members should be prepared to accept the motion.

We have not been able to proceed as rapidly as we would have liked to with government business. There are many important measures which have to be discussed during the course of the session. I suspect as we get along in the session hon. members will be more anxious to conclude the business of the house than to continue its sittings on into

the summer, if not into the autumn. The object of the motion is to try to get on with government business, and it is not in any way to take from hon. members any right or privilege they enjoy as members of the house.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I think the hon. member overlooked paragraph 130, to which the Prime Minister (Mr. Mackenzie King) referred. But it must never be forgotten that this chamber has complete control of its own procedure. The rule is that if we desire by a majority to change any order, be it standing or otherwise, we may do so. The government must determine its action in the light of its appreciation of the attitude of the members toward the action proposed to be taken. Personally I do not think there is any good reason why we should take more Wednesdays this year than any other year. We have taken as many Wednesdays this year as we have in previous years—more, in fact; and we have taken as many Mondays and Thursdays. I see no reason why the motion should not pass in the terms of the rules.

Motion agreed to.

CANADIAN WHEAT BOARD

AVAILABILITY OF WEEKLY CERTIFIED REPORTS MADE UNDER THE STATUTE

On the orders of the day:

Hon. W. D. EULER (Minister of Trade and Commerce): On March 3 last the leader of the opposition (Mr. Bennett) requested that there should be deposited with the clerk of sessional papers the weekly auditors' report of the operations of the wheat board. These reports have now been received from October 12, 1935, to February 24, 1938, and will be so deposited to-day. As each report is received from week to week it also will be deposited. Perhaps I should say that the time might conceivably arise when it would no longer be advisable to follow this practice.

Right Hon. R. B. BENNETT (Leader of the Opposition): We have an absolute right to see these, and that is why the provision was placed in the bill. I thank the minister for offering this opportunity to inspect the reports without having to move for a lengthy return. I think the fact that he has been able to get copies of the documents in question and deposit them with the clerk of sessional papers will expedite business generally.

NIAGARA PENINSULA RIFLE RANGES

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): I should like to ask the Minister of National Defence (Mr. Mackenzie) what group of properties were recommended by Mr. Ellis Corman as the site he most favoured for the rifle ranges that are to be constructed on the Niagara peninsula.

Hon. IAN MACKENZIE (Minister of National Defence): I am informed that the gentleman referred to was not engaged by the department in connection with choosing this site. I understand that several sites were inspected and the department itself selected the one deemed to be the best from the point of location, economy and suitability. If I can find any further information, I shall be glad to give it to my hon. friend.

ABSENT CABINET MINISTERS

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): The safety of two of our members is a matter of very grave concern to many members of this house. Their devotion to duty has been such that one of them has been compelled to investigate the air mail route in western Canada while the other has had to observe the terrible inroads of drought and other evils that have overtaken western Canada. I have been asked to inquire as to their safety in this great devotion to public duty that has involved the risk of their welfare and possibly their lives.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The last word the government received is that they are perfectly safe.

RADIO BROADCASTING

COMPLAINT AS TO RECEPTION AT WILKIE, SASK., WITH REQUEST FOR CHANGE OF WAVE-LENGTH

On the orders of the day:

Mr. JOSEPH NEEDHAM (The Battlefords): I should like to direct to the attention of the responsible minister a telegram which I received a few minutes ago from Wilkie, Saskatchewan. This telegram has reference to radio reception, or shall I say the lack of radio reception, in that vicinity. It reads:

> Radio reception here terrible. CFQC Saskatoon entirely shut out by stations KOA and XER. Will you use your influence to have wave-length changed so that situation will be remedied. Surely something can be done to overcome this interference.
>
> F. R. Beggs,
> Mayor,
> E. H. Dulmage,
> President of Board of Trade.

I should like assurance that this condition will be remedied.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The Minister of Transport (Mr. Howe) is not in his seat at the moment, but I shall see that my hon. friend's question is brought to his attention.

SUPPLY

USE OF CANADA'S FINANCIAL RESOURCES FOR ELIMINATION OF POVERTY—AMENDMENT OF MR. BLACKMORE

The house resumed from Tuesday, March 8, consideration of the motion of Mr. Dunning for committee of supply, and the amendment thereto of Mr. Blackmore.

Mr. W. A. TUCKER (Rosthern): Mr. Speaker, at the outset I did not intend to take part in this debate, but in view of the remarks of the Minister of Finance (Mr. Dunning), if I did not some hon. members might think that the minister's very able speech had convinced me that I was wrong. On the contrary I am still unrepentant and unconvinced in connection with the suggestion I made during the debate on the motion for an address in reply to the speech from the throne, and I desire to give a few of the reasons why. I cannot go into these at length, as the minister did, because my time is limited. On another occasion the house was most indulgent with me and permitted me to exceed my time, but I do not want to presume on that indulgence.

I am sorry the minister is unavoidably away from the house to-day because I am quite sure I shall not be doing the justice to the subject I would do if he were here to ask the questions he usually asks and make the statements he usually makes to put me right when he thinks I am wrong. I was certainly pleased that the Minister of Finance undertook to deal with the suggestion I made. Although he did not agree with it, I feel it was a distinct step forward when he took it up at all. In the short time I have been following the speeches in this house I have come to the conclusion that when things are brought up first they are generally ignored as being beneath any notice. Then if they are brought up often enough, eventually some notice is paid to them and the first thing we know the suggestion has been enacted into law. I feel that my suggestion has reached the second stage, and I have high hopes that something will be done. For example, when the suggestion was first made that we should have a central bank it was not received with any great favour, but in time it came to be adopted by this house. Even the right hon. leader of the opposition (Mr. Bennett) had decided that a central bank would be an improvement over our present system. I have no doubt that everyone now agrees that the central banking system as we have set it up is a great improvement over what we had before. Some of our great leaders of public finance disagreed very strongly with the proposal for the setting up of a central bank, but it seems that as a general rule the things they oppose strongly are ultimately carried out to the great advantage of the people. I suggest that when some of our great leaders of public finance strongly oppose some of these ideas we should cast our minds back and see how often they have been wrong before. I would remind the house of the tremendous effort that was made to keep on the gold standard. In England, for example, the high priests of finance and the chancellor of the exchequer were all agreed that every effort should be made to keep England on the gold standard. But England went off the gold standard and immediately began to make a recovery to prosperity that has been nothing short of remarkable.

I do not suggest that the Minister of Finance and the government can learn anything from a humble member from the western prairies, but whether they learn or not, I am glad to have the opportunity of placing my views before an indulgent group of fellow members of this house. My suggestion is that the national credit should be used for national development purposes. I am quite satisfied that the very able speech of the Minister of Finance has not entirely disposed of that suggestion. The banking system of this country monetizes the credit of the country and we are asked to pay them a heavy tribute because of that duty which they perform. I am satisfied that it will take more than one speech by any member in this house to right that wrong, and it will take a good many hours of thought to realize how it may be fully remedied.

I should like first of all, Mr. Speaker, to make my position plain so far as the motion of want of confidence is concerned. I do not propose to vote in favour of the want of confidence motion. I have never concealed the fact that I should like to see a great deal more done by the government than has been done to date in the way of tariff reductions. Farm implements, for example, which are part of the raw material of the farmer, I should like to see placed on the free list. As to textiles, I should like to see a really substantial reduction made in the tariff on the goods that enter into the manufacture of clothing, especially in these hard times when many of our people are having so much difficulty in

getting along. I certainly would like to have seen the tariff left as it was on furniture instead of the action being taken that was taken last session. If in reducing our tariffs we can obtain from the United States a quid pro quo, by way of reduction in the customs tariffs on Canadian goods imported into that country, so much the better, and I hope this government in its negotiations with the United States will be ready to go far enough in reducing the tariff to enable us to gain a real entry for our goods into their markets, increasing, on the one hand, the purchasing power, particularly of our primary industries and so their ability to buy goods in this country, and also reducing the cost of living to our people, who are having such a hard job getting along. I am satisfied that this government intends to go as far as it can in negotiating such a treaty; and if I should vote lack of confidence in this government I would be voting against their carrying on a work which I think is all-important to this country and should go forward. I would also be voting in favour of an alternative government which was not prepared to go even the small distance that was gone at the time the Canada-United States trade agreement was signed. So I could have little hope of any such government going the distance necessary in a new agreement to cure unemployment and the other ills from which we are suffering. I have no hesitation in saying that I owe it to my constituents and the future of this country that I should vote confidence in this administration, even though it has not gone as far as I should like in regard to the tariff.

I could say the same thing with regard to the control of credit. I have never made any secret of the fact, and I do not suppose I would be expected to, that I should like to have seen the Bank of Canada taken under one hundred per cent public ownership as well as control. The suggestion was made, and I still do not think it is sound, that private finance should have representation on the board of directors of the Bank of Canada. Tremendous power has been placed in the hands of the Bank of Canada. By increasing the cash base and thereby increasing the credit extended by the commercial banks of the country the Bank of Canada can cause, as it were, a rise in the general level of prices. Representatives of private finance on the board would know of such a decision, and since they would be elected by private interests, they would think it wise and proper to report to them the making of such a decision. If they hope to be reelected, they know they must serve those interests. When the members of this house are not told what the intention of the Bank of Canada is from time to time with regard to expanding or contracting the credit base, thus raising or lowering the level of prices and thereby making it either wise to invest, or wise to liquidate securities, I say it is not fair that representatives of private interests should have the opportunity of getting that knowledge. In my opinion there should not be a single representative of private interests on the directorate of the Bank of Canada.

But this government at least went the distance of taking over control of the Bank of Canada, and I supported it in so doing. I have never thought, indeed it is unwise to think, that in a country as broad as this, with so many varied and conflicting interests, any one group or province can have its own way; and if a government is proceeding in the general direction in which we would like to see it proceed I think we should give it our support, reserving the right to suggest that it should go further.

There is another matter in respect of which I feel I can support this present administration without any hesitation. On June 1, 1936, I spoke in this house very strongly in favour of an easy money policy. I sought at that time to cite the opinions of many prominent men all over the world in favour of an easy money policy, broadening the credit base, thereby stimulating the issue of credit and raising the general price level, thus decreasing the burden of public indebtedness and generally putting primary industries in a better position. My study, such as I have been able to make, of the policies of the Bank of Canada, confirmed by what the Minister of Finance said the other night, definitely indicates that the policy of the Bank of Canada for the last two years has been, and their present policy is, one of easy money. I think by so doing they have operated to raise the general level of prices, to improve the position of private industries, and to lighten the burden of debt. I am glad they have done it, and I commend the government because it has upheld them in so doing. The government by its trade policy has caused the value of our exportable surplus of goods to rise materially, and by its monetary policy—taking over control of the Bank of Canada, expanding the credit base, and raising the general level of prices—it has made a great contribution to the recovery that is going on in this country.

Somebody may ask me: Well, what is your position? As I said at the outset, I still believe —and possibly it is no credit to myself, and may suggest that my mind is not open to persuasion—in monetary reform. I have listened to everybody who held what might be called to-day the orthodox view, although it was

not the orthodox view five years ago; and the only difference that I can see between the orthodox view to-day and the view taken by people like myself is that we want to go a little further. I do not accept the suggestion that has been made that we have already gone a certain distance and that it would be disastrous to go any further.

What I have in mind and what I suggest is a short range policy and a long range policy. The short range policy would be to issue sufficient currency to put the unemployed to work on a national development program until our long range policy has put them to work in the ranks of industry. That is all I intended to suggest in the speech I made in the debate on the address. This suggestion was not intended to be a definite long range policy, but I know, and I think that every member of the house will agree, that there are in this country to-day young men now reaching thirty years and over, who have never yet been able to find work, who have been out of work ever since they have been able to look for a job, and until our long range policies have time to absorb all the unemployed into industries where they can earn their own living, this government should definitely look after them, should do something in the way of national development work to give such people a job. It should be done not by imposing a further burden on industry but as a responsibility of the country by the use of national credit. In their ranks there are young men who actually enlisted, went overseas and risked their lives for this country without any thought of reward. They came back thinking that a grateful country would see to it that they were at least given a chance to earn a living, and I submit to you, Mr. Speaker, that it ill behooves members of parliament, who have been very fortunate, to sit back and say we are going to follow steadfastly our present policy without modification, even if it means that those out of work may be out of work another three years or longer. We should take a much more sympathetic attitude towards these young men. We owe a great deal to them. They were all ready if necessary to make the sacrifice of their lives for this country.

Then there is of course a long range policy in regard to monetary matters which I suggest. I shall not have time to go into it at length this afternoon; I have referred to it before. It is a policy either of setting up a separate branch of the Bank of Canada, of splitting that bank in two, as the Bank of England is split into two, or of setting up a separate institution, a national bank which will monetize the credit of our governmental institutions at cost and avoid the burden of interest on public debt which is weighing down the people of Canada and preventing us from doing the things we should do for those for whom something should be done.

I wish first of all to deal very shortly with the long range policy of the government. As I understand it, there are still 132,000 employable unemployed receiving public aid in the dominion. Our long range policy is, I believe, absorbing the unemployed. If we in western Canada have a crop; if we make a proper treaty with the United States which sufficiently opens up the channels of trade with that country; if we continue the policy of the present administration and further lower tariff barriers in respect of other countries, these unemployed in my opinion will be absorbed into industry within the next eighteen months. But in the meantime, if we have the situation so well in hand, and if we need roads, for example, so badly, can we not safely get busy on a program for that purpose and look after these people?

Here I might say a word for the national park in my own province. People who have been through the Prince Albert national park know that it has one of the finest golf links in Canada, and splendid fishing, swimming and boating facilities. Two hours after you arrive there you can be at a lake where, probably, for days at a time you will not meet anybody; certainly in that park you can get solitude away from all the troubles of civilization. I have been told by persons who have visited all the national parks in Canada that ours has more recreative facilities than any other in the dominion. But what is the situation? One must travel over more than three hundred miles of dusty gravelled road in proceeding from the international boundary to that park. Time and again when people in the United States have been attracted, by the good publicity work done in advertising our national parks, as far as the boundaries of Canada, they have found this terribly dusty gravelled road ahead of them and have turned back. They are doing that by the hundreds. I submit that a policy which would look after our unemployed until they are absorbed into industry, and would hard-surface that road so that we would get thousands of United States visitors to the park where now we are getting only hundreds, would be good business, and is something to which this house and this government should give attention.

There is also the matter of irrigation. I do not know to what extent we can go into that, but I suggest that some of this money might

be used for irrigation work, and if by this means homes were provided out west for several thousands of Canadians, homes would be made also for several thousands required to service their needs in other parts of the country, and anything which serves to increase the population of Canada is really worth while in the world troubled as this is troubled, and where it might be said by land-hungry powers that we are not making use of the resources with which Providence has endowed us.

I wish to deal shortly with some of the objections of the Minister of Finance to my suggestion. The minister stated in his speech the other evening something which I understood had been denied by most people in this house up until the time the Minister of Finance stated it. I may be wrong about that, but I am going to read the statement and then I will comment upon it. He said:

As we have seen, the Canadian chartered banks as a group think it expedient to maintain an average reserve of ten per cent, and consequently if, as a result of the purchase of ten million dollars' worth of securities by the central bank, the reserve of the chartered banks has been increased by ten million dollars, the chartered banks will seek to expand their assets and deposits by approximately one hundred million dollars.

I can remember when the suggestion that the banks loaned out ten dollars for every dollar of cash by which they increased their cash reserves was treated with a great deal of derision. The question was asked, how can anybody lend ten dollars if he has only a dollar? And I can remember it seemed to be assumed that that settled the whole matter. I should like to read what was said in this house, which indicates perhaps that. If I am wrong, I am in the judgment of the house in this respect. In the first speech which I had the privilege of making in this chamber, at page 349 of Hansard, volume 1, 1936, I said:

I find by this Macmillan report, Mr. Speaker, that in July, 1933, the average daily borrowings of the banks under the Finance Act was $48,552,000. What does that mean? It simply means that, under the Finance Act, if the Bank of Montreal or any other bank had one million dollars' worth of government bonds which were paying at that time in the neighbourhood of 5½ per cent, they could go to the Minister of Finance and get one million dollars' worth of new money for which they paid at that time 2½ per cent. They get that new money against the credit of this country; then on the basis of established banking practice they are able to buy nine million dollars' worth of government bonds. Let us trace what happens. The bank pays 2½ per cent on one million dollars, but, mark you, it is drawing 5½ per cent on ten million dollars' worth of bonds. And they call that wise public financing! There is no doubt about it at all; it is right here in this Macmillan report.

The minister is reported to have said:

No, it just isn't so.

Now at that time it was quite all wrong to say that a bank could take a million dollars, borrow a million dollars' worth of new currency under the Finance Act from the Minister of Finance, and thereby increase cash reserves and then buy another nine million dollars' worth of government bonds. That is just what I was suggesting at that time. Of course in order to do that the banks have to pay interest to their depositors on the money that is redeposited. But the bare fact remains that it is apparently now admitted that the banks do increase their loans or their purchases of investments—one or the other—to the extent of ten dollars for every dollar increase in their cash reserve.

Mr. BENNETT: On the assumption that the whole sum is deposited back in the chartered banks.

Mr. TUCKER: Yes. Well, practically the whole sum is. The entire argument of the Minister of Finance is based on that, because he said that if we increased the cash reserve by $350,000,000 it would find its way back into the hands of the banks and increase bank loans, bank investments and bank deposits by $3,500,000,000. That was the point made by the Minister of Finance. I will continue to read his speech from where I left off:

Thus it is that the security purchases by the Bank of Canada tend to expand bank deposits in the country by approximately ten times the amount of the transaction.

You may ask just how the chartered banks will expand their assets and deposits as a result of open market operations by the Bank of Canada. If the chartered banks can find good borrowers they will tend to increase their ordinary commercial loans, and by so doing increase their deposit liabilities by a similar amount. Otherwise they may buy investment securities—

And that is what they have been doing for the past three or four years.

—which will usually earn them a considerably lower rate, or they may expand partly in one way and partly in the other. Either move will increase the aggregate of deposits of the banking system as a whole.

I am purposely labouring that point because, when the time comes that something is accepted which formerly was apparently not accepted, it is wise to signalize the event and call people's attention to it to prevent the ground from having to be gone over again. If it is true that the banks can and do sell government bonds to provide cash to increase

their cash reserves, and that they can and do thereupon make loans or advances to the extent of $10 for every dollar of increased cash resources they get, it is wise that we should know that and cease to contradict the statement that it is so. Now, this is known as monetizing the credit of the country. In that connection I should like to mention one significant fact. Before our present banking system and the system of using cheques on deposits for doing the business of the country came into effect, every dollar's worth of business was done with money issued by the government of the country. To-day, as the Minister of Finance said, ninety to ninety-five per cent of the business of the country is done by cheques on deposits in the banks. And the Minister of Finance pointed out that those deposits in the banks are the result of providing the banks with the necessary cash basis to make the loans or buy the bonds to create the deposits. Therefore we have the situation that the financial interests of the country create ninety to ninety-five per cent of the circulating and purchasing media of this country. We have departed from the old plan that the state itself should create this purchasing medium. What I am suggesting is that we should gradually but as rapidly as we safely can return to the system by which the state has control of and issues and creates the circulating media of the country. What is happening to-day? Has there ever been a time when this country was plunging into debt at the rate it is to-day?

Mr. BENNETT: Hear, hear.

Mr. TUCKER: I mean by that during the past ten years.

Mr. MacNICOL: No, the hon. member means during the last two years.

Mr. TUCKER: No, I heard the leader of the opposition (Mr. Bennett) say "hear, hear." I did not want to leave him out of the picture. During the fiscal year 1936-37 the average rate of interest paid, by the dominion government, including the interest on short term debentures, was 3·745 per cent, almost three and three-quarters per cent. And the annual interest charge in 1936-37 was $136,278,193. Just to give an example of what is happening in this matter, I should like to indicate what we have paid in the way of interest on the public debt, and how it has grown, in the last eighteen years.

I hold in my hand a very informative pamphlet, which I suppose is familiar to every hon. member, entitled Dominion Public Finance, issued under the authority of the Minister of Trade and Commerce (Mr. Euler) and printed by the king's printer. At page 33 it gives a table of the public debt of Canada and interest payments thereon since July 1, 1867. I am not going back to 1867 but I think everyone here is interested in seeing what has been happening in connection with the public debt at least in recent years. I find that in 1919, after the war was over, the public debt of this country was $2,676,635,725. From then until 1936 we paid interest on that debt to the amount of $2,294,751,878. Remember that the total debt in 1919 was $2,676,000,000—

Mr. MACKENZIE (Vancouver): May I tell my hon. friend that the amount of interest paid up to the present is $2,545,000,000.

Mr. TUCKER: Well, I wanted to be sure not to overstate by using the figures I find in this pamphlet. I find that the debt had increased by 1936 to $3,431,944,027. That is, after paying some $2,300,000,000 in interest on the public debt, that debt had increased in those eighteen years by over twenty-eight per cent. The development of this country had been hampered by high interest rates and the heavy taxation necessary to the payment of this large amount of interest; yet in 1936 the public debt was twenty-eight per cent higher than it had been eighteen years previously. And that is not due to the war; this is only our own federal national debt. The question is, can we go on paying over $2,300,000,000 in eighteen years and increasing the amount of the debt at the same time by twenty-eight per cent? There is no reason why it should not go on similarly in the future as in the past unless we change our system of public finance. We spent very little on national defence in that period. I am glad the Minister of Finance took the trouble to go into this matter because I am sure, now that he has taken it up, other hon. members will regard it as worthy of consideration and give it the attention it deserves.

I should like to remind the house what my actual proposal was. I quote:

> I suggest that with that amount of gold we have the right to issue on a sound money basis $718,000,000 worth of currency fully secured on a twenty-five per cent basis. We have $157,000,000 worth issued, which would leave $560,000,000 that we could issue to put our young people to work. Does anybody suggest that that would not be sufficient to put them all to work?

I went on to say:

> It may be suggested that this would mean inflation. My answer is that if there is any danger of inflation as a result of issuing what is required of that money you can take power to increase the reserves required to be kept by banks in the Bank of Canada. By law they are required to keep only five per cent. The central reserve system of the United States

requires banks to keep with the central reserve a reserve of twenty per cent. If the United States, with its vast wealth, has realized the need of doing something like this to prevent inflation when it increases its currency issue, Canada can do the same.

There was my definite proposal. I did not suggest that we should forthwith issue that much money; I said we should issue what was required of that much money. If the whole $560,000,000 was not required—and I do not think myself that anything like that sum would be required—then it would not be necessary to issue it.

There was a suggestion made that I was mistaken in my figures, that that amount could not be issued. It was said that by virtue of the Bank of Canada Act the bank had to have a reserve against its deposits from the chartered banks as well as against the notes issued, and I suggested that that obligation could be waived by order in council. Just to keep the record straight I should like to read the Bank of Canada Act in that regard (chapter 43, 1934):

> 26 (3) At the request in writing of the board, the governor in council may suspend the operation of this section in so far as it requires the bank to maintain a reserve of gold equal to an amount not less than twenty-five per centum of its notes and deposit liabilities. Such suspension shall be for such period not exceeding sixty days as may be specified by the governor in council, but on the further request in writing of the board may be extended from time to time for further periods not exceeding sixty days each, provided, however, that no such suspension shall continue for a period longer than one year without the sanction of parliament.

Under this provision the government has it within its power to do the very thing I suggested. The central bank is not hampered by the requirement of keeping twenty-five per cent of its deposits from the chartered banks in the form of cash, because it can have that requirement suspended by order in council until parliament meets; and I suppose it could get parliament to ratify that suspension if it were in the public interest to do so.

The minister stated that, roughly, $210,000,000 could not be included because of the requirement of a twenty-five per cent coverage of gold in respect of deposits with the Bank of Canada by the chartered banks. Suppose it was not deemed wise to suspend that gold clause—and I do not necessarily suggest that it would be wise. Last year we produced $143,314,000 worth of gold. We could have used thirty-six per cent of that gold, and we would have looked after the objection raised by the minister; it would have covered those deposits quite easily, as well as the issue proposed by myself, that is, assuming that it would take the whole $516,000,000 to put the unemployed to work. But I do not assume that at all. I submit that a very much smaller sum would look after the problem in this country, would take care of these people, would give the unemployed as well as the country generally real satisfaction, and we would get real value for our money. Of course if there is a desire to preserve the present system without any change whatever, and the government will look after these unemployed and provide us with our hard-surfaced roads, I will support them in that policy without any hesitation.

I do resent very much, however, when for example I go from Saskatchewan to visit friends on the Pacific coast, having to go to a foreign country in order to find a good road to get there. When I return home from this parliament I do resent having to go through the United States in order to get a good road back to western Canada. There should be a hard-surfaced trans-Canada road from Halifax to Vancouver, and there should be hard-surfaced roads into every national park in this country, in order to take advantage of the vast tourist trade we could tap by virtue of these roads.

I should like to briefly examine a further objection. I quote again:

> An increase of say $350,000,000 in chartered bank holdings of Bank of Canada notes would increase their cash reserves from the present figure of about $250,000,000 to $600,000,000, and their cash ratio from about 10 per cent to roughly 21 per cent.

Then the minister went on to say:

> If the banks use their increased cash in the normal way, as a basis for the extension of roughly ten times as much in loans to the public, or for the acquisition of ten times as much in investments, bank deposits would expand by approximately an equal amount until the cash ratio was brought down again to approximately ten per cent. This would mean an increase in bank deposits from the present level of about $2,387,000,000 to something like $6,000,000,000, or more than 2·6 times the level of December 31, 1929. Am I merely old fashioned or orthodox when I say that this would mean a colossal measure of inflation?

My answer to that is that there are only two ways in which the banks could increase their loans. The first way would be by lending money to people who had good propositions to put before them, satisfying the banks that they had a chance to pay back that money with interest; in other words good, feasible, commercial propositions. If there is that much business waiting to be done in this country; if we can expand our cash loans from two billion to six billion on a perfectly

sound basis which would satisfy the banks, I submit it would be a good thing to do that. On the other hand they might purchase government investments. If they purchased investments that were already out and there was competition in those purchases, the cost would rise and the return would be driven down so that there would be definite limits in this regard, and I do not suppose that a great deal of harm could be done in that direction. But if they were lending money to governments on their bonds this dominion would control its borrowings; it would not need to borrow except to repay debts on which it is already paying exorbitant rates of interest. The municipalities and provinces would also have to borrow from the banks. As far as I can see, the banks would not lend money, even if they had the cash reserves, if it was not a safe proposition, in each and every case, so that there is not much danger of the inflation which is suggested by the minister.

I would make this suggestion, however. To make doubly sure, the government could take power to increase the reserves required to be maintained by the chartered banks with the Bank of Canada. Then if there was any tendency on the part of the banks unduly to inflate or expand their credit so as to cause an inflationary movement in this country which would not be in our best interests, we could go the banks and say, "If you do not stop this inflation we will exercise this right to increase the reserves you are required to maintain with the Bank of Canada."

Mr. SPEAKER: Order. I am sorry, but the hon. gentleman has exhausted his time to speak.

Some hon. MEMBERS: Go ahead.

Mr. TUCKER: I certainly appreciate this indulgence; I had not intended to presume on the kindness of the house.

Mr. SPEAKER: The hon. member may continue, with the unanimous consent of the house.

Some hon. MEMBERS: Go ahead.

Mr. TUCKER: If we had that additional power over the banks it would in effect double the control we have at present. We feel we have control over them to-day, but with that added power we could if we wished go to the banks and say, "We have issued $350,000,000 worth of new currency. If you make the slightest move to lend a single cent of that, we are going to clamp on the increased reserve rate," and I think that would be sufficient to make the banks back up.

[Mr. Tucker.]

Of course we have been increasing the cash reserves. I think the minister suggests that this would be taken advantage of to the fullest extent; that the banks would lend ten dollars for every dollar in the increased cash reserve. We control them in that regard now to prevent undue expansion. We could continue to do so.

I will anticipate a criticism which I would have liked to deal with later on. The suggestion is that if we increased the cash of this country, that would be returned to the banks and they would have to pay interest on that increase which, in effect, would be a tax on the banks. If it is a valid argument to say that the banks can increase their loans to the extent of ten times the increase in cash reserves, it is fair to say that they could, without difficulty and in a sound way, by finding sound borrowers, increase their loans to the extent of the amount only of that money that is returned to the banks. Probably, as the right hon. leader of the opposition says, it will not all be returned. Let us assume that $300,000,000 is returned. I submit that the banks could be permitted to re-lend not ten dollars for every dollar but one dollar for every dollar. On that money, for which it pays its depositors one and a half per cent, it would be paid six or seven per cent. There would be no real loss or tax on the banks in that transaction and no large inflation of credit with the disastrous effects mentioned by the minister.

So I submit, Mr. Speaker—and I will terminate my remarks at once—the suggestion that inflation would inevitably follow is not necessarily true. When you set up that tremendous inflation as an objection, you are assuming something that is not necessarily so. I submit that you could control it—prevent it. When you suggest that it would be unfair to the banks, my reply is that you should control it, to the extent that they should be permitted to lend only one dollar for every dollar returned to them, so that it would not cost them a cent.

These were the two main objections, as I saw them. There were others which I should have liked to meet. I do not want to presume any longer on the time of the house. I should have liked to deal also with my suggested long range policy of getting away from paying the banks a tribute for monetizing the credit of Canada, which to-day costs us three and three-quarters per cent, amounting to the sum I have already mentioned. If we had the use of that sum we would be able to do more for the people who need to have something done to help them in these difficult times.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, first of all may I say the amendment would seem to declare that the government has failed to use the resources of this dominion as adequately as our people have a right to expect, for the provision of a satisfactory standard of living for the masses of the people. I believe that is an obvious statement of fact which the Minister of Finance (Mr. Dunning) in his very instructive address the other evening, did not destroy in any particular. I therefore propose, when the time comes, to vote for the amendment.

So far, however, the discussion has been centred only upon the monetary aspect, and hence has developed into an academic, and I think not very convincing, argument concerning finance and various types of credit. To my mind a discussion of this sort narrowed down to one particular point tends to confuse the issue which is really before us and which has been raised by the amendment, which states the government has neglected to use the resources of the country—not the financial system; not monetary matters, but the resources of the country, in the interests of the people.

In what do those resources consist?—surely in our natural resources, in our machinery of production, in our labour power, and so on. After all, the financial system is but a method of accountancy; it is but figures, as it were, entered into the ledgers of those who own the machines and the resources, and can therefore decide what human labour shall be utilized from time to time to operate our economic system.

In such a productive system the object of making and distributing goods is not their usability, unfortunately, but their salability at a profit. Hence within such an economic system abundance from time to time becomes a curse, and production is therefore artificially restricted; for only those things that are scarce can be sold at a good price and at a substantial profit. Selling, I repeat, not using, is the real object of our economic system; and within that system everything distributed, whether it be goods or money, must be sold at a profit, or production ceases.

Mr. BENNETT: Does not ability to sell depend upon ability to use?

Mr. COLDWELL: Yes. The right hon. gentleman has said that ability to sell depends upon ability to use, and in that he is right. But may I say it depends more upon the ability to exchange or, in other words, to sell.

Only selfishness or stupidity would deny that there is something fundamentally wrong with a system which actually encourages scarcity and dreads abundance as a plague. My opinion is that, regardless of what we may think of social credit, its advocates have performed and are performing a service to our society by focusing attention upon this very problem. I believe, of course, that somewhere in the economic structure purchasing power has actually been issued against every item of production, but the trouble is that holders of potential purchasing power do not exercise it as such. They cannot use it for purchasing power, because they themselves have only certain limited human needs. Hence, to me the problem raised by the amendment is at once one of maldistribution and of increased consumption of consumable goods.

A few individuals have margins so far above their consumptive possibilities that they restrict the consumption of others at the other end of the scale. Last Tuesday, in discussing social credit, which applies also to what I am saying, the Minister of Finance (Mr. Dunning) said, as reported at page 1155 of Hansard:

> The false premise to which I refer is that, as an inevitable result of the working of our present economic and financial system, there is a chronic shortage of purchasing power in the hands of consumers. This deficiency is supposed to arise from the fact that, of the costs incurred in the production of commodities for sale, only a part have involved the distribution of purchasing power to potential consumers.

Then he went on to refer to the Major Douglas A plus B theorem, with which I am not concerned. And then he added:

> Now, the theory alleges that, as individuals who are the potential consumers always receive for their work in production less than the total cost of the products of industry, they never have enough purchasing power, enough money and credit with which to buy those products of industry.

I disagree with the statement that enough purchasing power is never distributed, but I would say the minister is quite wrong also in saying that sufficient purchasing power is placed in the hands of consumers, as consumers. The toll taken by monopolistic industries and individuals who produce for profit and who demand interest does not reappear in the purchase of consumption goods but goes into the savings, which, in turn, are used again for further exploitation of the producing masses. Herein, I believe, lies the chronic defect in the present economic system. The issue of more money will not rectify it. The very nature of the method of production and distribution, under the

present system, demands that those who own the means of production retain the difference between all goods produced and the goods given to the working producers for their services and for their sustenance. That is the source of the accumulations of wealth with which we are confronted. It is the cause of depressions, as well as the cause of the lack of purchasing power in the masses. Figures representing these profits represent the amounts available for investment by the few who own and control the means of production. A few years ago they found profitable fields for investment of these enforced savings in industries within their own country, and afterwards abroad. To-day, as national self-sufficiency increases, overseas investments are becoming less. And so we find that government bonds are being purchased as an opportunity for investment.

Mr. BENNETT: Our investments abroad have increased.

Mr. COLDWELL: Yes, but I am speaking generally of all investments of all nations of the world. It is not altogether true of our own country at this time. May I say to the Minister of Finance that when he speaks of a balanced budget—which is desirable—a balanced budget under these circumstances may actually restrict the places where this money may be invested, and the very people demanding a balanced budget may be those who will suffer from a lack of safe places in which to invest their money,—although in my opinion that might have under some circumstances the beneficial effect of forcing the cost of money down and diverting it into industrial channels. That might be at least a good temporary effect.

Mr. VIEN: The hon. gentleman is in favour of a balanced budget, is he?

Mr. COLDWELL: I believe every intelligent man believes that we ought to be able to balance our consumption with our production; that, of course, is the kind of balanced budget I would like to see in Canada. There is also a factor which those who look to foreign trade as a solution will have to face; for, as it diminishes, the home market will have to consume the products of industry —and I am speaking not of one country but of all countries. This means that the national income must become more widely distributed within the nation and we must look more and more to our home market and the purchasing power of our own people for a way out of some of our economic difficulties. If we fail to reach this conclusion by a process of reasoning, I believe we shall reach it through hard experience. Surely we have a picture of maldistribution in this country. Poverty is rampant, unemployment continues in the midst of vast resources, efficient machines and labour are idle and yet we have impressive bank balances. Monopolistic industry and wealth accumulation are actually increasing while relief costs mount. But the government does nothing to meet the situation, and that I think justifies the moving of the amendment.

We are sometimes told—indeed the Minister of Finance indicated it the other evening, that wealth in Canada is widely distributed. He stated proudly that there were over 4,000,000 savings bank accounts in Canada and 6,500,000 life insurance policies. However, I find upon examination that 92·5 per cent of the savings accounts average slightly over $100 while 1·2 per cent average $289,000. That is, one per cent of the depositors own over 35 per cent of the total savings deposits. The minister also mentioned life insurance. The president of the Metropolitan Life Insurance Company, speaking on January 1, 1937, had said this of North America that some twelve per cent of all policyholders had less than $300 protection; 45 per cent had less than $1,000 and 90 per cent had less than $3,000.

The Life Underwriters' Association of Canada put it a little differently when they said that out of every hundred young men starting life at age 25, by 65 years of age, 36 will have died, one will be wealthy, four will be well to do, five will be still working and 54 will be dependent, wholly or in part, on charity, children or friends.

In other words, only five per cent of those still living will have achieved economic security. Our income and wage returns tell much the same story. Of 2,713,000—I am using round figures—adult persons, excluding farmers—they should be excluded because in 1933 in the two provinces of Alberta and Saskatchewan, only 76 persons whose principal work was that of farming had sufficient income to be assessable for income tax—1,526,000 or 56·2 per cent received less than $1,000; 643,000 or 23·2 per cent received between $1,000 and $1,500; 448,000 or 16·5 per cent received between $1,500 and $3,000; 85,000 or 3·2 per cent received between $3,000 and $10,000 and 11,000 or 0·4 per cent received $10,000 or over. Those figures were for the year 1930.

Mr. BENNETT: There is $1,000 that is exempt.

Mr. COLDWELL: These are people gainfully employed and all income is included. That was before the worst days of 1931, 1932 and 1933. It is useless to say, as is often said, that the standard of living is higher to-day than it was a century ago. It seems to me

that we should judge it, not by what it is but by what it might be. Unfortunately, scarcity seems to be the keynote of the present economic system. May I add that that is the objective of trusts, of cartels, of selling rings, of selling agreements, yes, even ultimately of tariffs. Because of this, from time to time cotton, coffee, grain, automobiles and so on have been destroyed in order to raise prices and restore profits. Last year our government rejoiced when the fire sale wheat policy got rid of what was called a surplus, but which should have been a reserve, a reserve of which we are sorely in need at the present time. Had all the people in the world who needed food received it, there would not have been a kernel of wheat left over at any time. The same is also true of industry and of industrial products. A survey in 1929, our boom year, of our potential production showed that our paper mills were running at only 80 per cent capacity, our oil refineries at 50 per cent, our flour mills at 53 per cent, our bakeries at 35 per cent and so on. In the light of the statistics that I have quoted this afternoon, can it be said that we as a parliament or as a government have provided adequately for the people? I think not.

The other evening the Minister of Finance emphasized the increase in deposits and currency, but let me remark that that is the natural result of the business upswing. The building boom in Great Britain has had repercussions in this country and the huge rearmament program has undoubtedly affected us to a remarkable degree. We can thus account for the upswing. But I say this to the gentlemen of the Liberal party: All this will pass, perhaps is passing, but what preparations has this government made for the Canadian people? It seems to me that that is the pressing question at the moment. Nothing has been done commensurate with the urgency of the situation, and the evils disclosed by the mass buying probe remain. Agriculture languishes before the demands of all kinds of well-organized industry. We have been told that the promised medicine from the Liberal free trade bottle cannot be administered, because it would destroy confederation. The Minister of Labour (Mr. Rogers) made this quite clear. The hon. member for Winnipeg South (Mr. Mutch) admitted it, and the hon. member for Melville (Mr. Motherwell) asked for the compensating adjustments that some of us have been advocating for a number of years. Private members on the Liberal side of the house confess their inability to secure the free trade for which they fought and about which they talked so much in western Canada over a long period of years.

Mr. ILSLEY: Do not you think that is a misstatement?

Mr. COLDWELL: I think it is a perfectly correct statement.

Mr. ILSLEY: Is there not a difference between free trade and freer trade?

Mr. COLDWELL: I said "free trade."

Mr. ILSLEY: You said both.

Mr. BENNETT: In 1896 Laurier said at Brandon that he wanted free trade as it then was in England.

Mr. COLDWELL: Gentlemen who are today ministers of the crown and private members of the Liberal party certainly advocated not only a freer trade policy but what amounted to a free trade policy in their election speeches in western Canada. That being so, we ought to endeavour to understand and solve the internal problems of unemployment, agriculture, the depression and the poverty which surround us. It seems to me that these are the real problems raised by the amendment. The necessity for this can be seen from the fact that while we have hundreds of thousands on relief the gross dividends paid by corporations in 1937 surpassed the previous all-time record of 1930. In other words, the maldistribution of which I spoke is more obvious in 1937 than it was even in 1930. In our opinion, to rectify this serious cause of social unrest will require more than a change in monetary policy, although we regard monetary policy as one of the fundamentals of any policy.

Other fundamental requirements, if I may enumerate them briefly, are the operation in the public interest and on a national plan of mines and forests, water powers, monopolistic industries, together with effective social control of wages, hours of labour and the prices of farm products, guaranteeing to the farmer an adequate return for his labour, and so on, to ensure that we have purchasing power and the means of distributing goods within our own economy.

I would add this, that salvation in my opinion will not come miraculously or through any external commercial arrangements that we may make, but must be worked out within our own economy, and there is no single or even speedy cure. The road must be carefully planned and followed towards social security and economic justice. It is sometimes argued, of course, that the planning of our economic security or of society generally would be difficult because we would not know what goods to produce. As to that, let me quote from a report of the National Survey

of Potential Productive Capacity in the United States—the Hoover committee, as we sometimes call it, because it was appointed by President Hoover—which reported on January 1, 1934. This is what that committee, in some respects a very conservative one, said:

> Strange as it may seem, it is easier to determine human needs than it is to determine the ability of society to extract raw materials. On the average, people of a given culture eat only so much food, wear out only so many clothes, live in only so many rooms. If "scarcity values" (of works of art, etc.) are excluded from consideration—and they naturally fall outside the scope of our study since our concern was with physical quantities—the amount of goods and services the population would like to consume can be calculated with an accuracy far greater than the accuracy with which we can determine the possible output of any industry.

Some will say that any kind of economic planning would lead to regimentation. To me economic security for all is the only road to real freedom and real democracy. That is why I advocate it. The present system regiments masses in poverty and in want because it places, as I said before, salability before necessity. It dooms the masses to scarcity and only enables those who own the productive resources to accumulate the profit on goods which they do not themselves produce. Only unorganized farmers, fishermen and other small individual producers are under economic compulsion to produce for less than the real costs of production. This problem the present government refuses to face; hence again I say the amendment is fully justified.

Where does the Liberal party stand in relation to this pressing problem? Before the election the present Minister of National Defence (Mr. Mackenzie), whom I am glad to see in his seat, and the member for Vancouver-Burrard (Mr. McGeer) told the people that the Liberal party stood for monetary reform, for those very monetary policies that were so vehemently denounced by the Minister of Finance the other evening. If I recollect, the Minister of National Defence was going to issue hundreds of millions of dollars, and I cannot tell what the member for Vancouver-Burrard was going to do. But I heard him speak, and I know he obtained thousands of votes in the province of Saskatchewan because of the very spectacular promises he made, ostensibly on behalf of the Liberal party. We said then that these gentlemen would never be permitted by the Liberal party to carry out the policy they advocated. But by these means, of course, they obtained thousands of votes. How can gentlemen rise on the Liberal side of the house and accuse social crediters of getting votes by false pretences when that kind of thing was done so widely all across Canada by prominent members of their own party? Why are these members silent to-day, and why have they been silent these many months in this house? Surely as sincere men, and I believe they are, they must be disillusioned as thousands must be who voted Liberal. But unlike the rank and file they have a place here and can speak, and this is the time and the place to speak.

The hon. member for Rosthern (Mr. Tucker) did rise and express himself again this afternoon, although I noticed a somewhat different tone in his speech this afternoon from the tone he used in the first speech he made on this subject, and to which he referred this afternoon. But I am glad that he rose to-day and said some of the things he did, and may I say to the other gentlemen that I think honesty and sincerity of purpose demand that they too should follow his example and rise in their places and let the house and the country know exactly where they now stand in regard to the preelection promises which they made. Let us look at some of them.

We were to have a nationally owned central bank, issuing national credit and national currency to meet our national needs. And what have we got? We have a central bank that is neither publicly nor privately owned; it is a hybrid affair. Personally I believe that a central bank can best function when it is completely publicly owned, and I do not believe a compromise of that description is ever very satisfactory or very effective.

Then, large public works were to be undertaken. The hon. member for Rosthern this afternoon mentioned some of the public works that might be carried out. I am sure that we in this corner of the house would be very glad to support a program which would give us a decent highway all across Canada. But what happened to the public works? They have been either restricted or discontinued, and unemployment remains with us. Indeed to-day there are literally hundreds of thousands of people on relief, and in my opinion—I have said this before—the most pernicious form of dole is the dole that we to-day have in the Dominion of Canada. The member for Rosthern spoke of young men of thirty who had never worked. I have seen the effect upon such men in later life also, at forty or forty-five years of age, men who have not worked for five or more years; and I am going to tell you that even if these men get the opportunity again, they will be physically

unfitted to work. But they are never going to get the opportunity, exactly because of the conditions to which the member for Rosthern referred, namely, that thousands of young men of thirty and under are to-day seeking jobs, and because they are not married and therefore have no homes to maintain and are in the vigour of early manhood, they will be preferred for the jobs that are going.

Mr. WARREN: Is not the unemployment situation in the west largely created by the lack of a crop?

Mr. COLDWELL: The unemployment figures for the month of January show that employment is actually down in the east, and surely that cannot be accounted for altogether by the drought in the west.

Mr. FURNISS: It helps.

Mr. COLDWELL: Of course the relief figures in western Canada are due in part to drought, but in the west, in these relief areas, there are roads which are a disgrace to Canada, roads which are impassable; yet no public works of that nature are undertaken.

Mr. WARREN: Is it not true that a great many of the unemployed in western Canada have drifted into Ontario during the past year and added perhaps to the unemployment in that province?

Mr. MacNICOL: With the freer trade policy.

Mr. COLDWELL: Well, until Ontario and British Columbia undertook to place barriers against the coming into their province of young men from western Canada, I, at least, thought this was a country where freedom of movement on the part of the people was guaranteed under the British North America Act. True, some young people have come into this province from the west.

Mr. WARREN: Many of them.

Mr. COLDWELL: Some. I was going to add that the first attempts which were made at economic planning and direction have gone. For example, we have lost the wheat board; it has virtually gone; our grain reserves, as I called them earlier, have been dissipated too. And we are miles away from really lower tariffs—miles away. The textile and other great industries continue just as before. Nothing whatever has been done about it. No wonder that Liberal newspapers like the Saskatoon Star-Phoenix on March 4 publish articles from their parliamentary correspondent stating definitely that the big interests, through the right wing of the Liberal party, are in complete control of that party and of Canada.

An hon. MEMBER: That is not true.

Mr. COLDWELL: That is not my statement. It is not the statement of an opposition newspaper. It is the statement of the official correspondent of the Saskatoon Star-Phoenix, one of the outstanding Liberal papers circulating in western Canada; the hon. member will find the article in the issue of March 4.

Mr. ILSLEY: Why does the hon. gentleman say that nothing has been done in the way of lowering tariffs, in view of the new agreements with the United Kingdom and the United States?

Mr. COLDWELL: The minister is usually very fair, and I respect him; but I did not say that nothing had been done.

Mr. ILSLEY: Yes.

Mr. COLDWELL: I said we are miles and miles away from low tariffs.

Mr. McLEAN (Melfort): No—from lower tariffs.

Mr. COLDWELL: Well, from lower tariffs. If, Mr. Speaker, hon. members regard as a low tariff a tariff which is 30, 35 and 40 or more per cent, I do not. And when I sat in this chamber last April and saw the Minister of Finance in this "lower tariff" government introduce a resolution increasing the tariff on furniture, increasing the already high tariffs on other commodities, then I realized that we were proceeding in exactly the opposite direction to the way in which the government said it was going, before it was elected.

Mr. ILSLEY: What "other commodities"? There are no other commodities.

Mr. McLEAN (Melfort): What "other commodities"?

Mr. COLDWELL: What about felt hood forms?

Mr. ILSLEY: They were not increased.

Mr. COLDWELL: I think the minister will find that they were.

Mr. ILSLEY: They have not been increased at all.

Mr. COLDWELL: I felt sure they were. The duty is very high. I suggest that this parliament is drifting, that the present government is giving no leadership in the solution of the economic problems that confront us. As I said once before, there are in all parts of this house—in the Liberal party, in the Conservative party, in the groups in this

corner—men who are anxious to see something done and who desire to move in the direction of orderly progress, and we should forget sometimes our party divisions and even, some of us, our pet theories—I admit that I have some. We could get together, it seems to me, a group in this house that could endeavour to give some progressive leadership at this particular time to the people of Canada. In my opinion this is necessary, because although we have seen a business up-swing, there are signs everywhere that within a measurable time we may face another "down-swing"—if I may put it that way.

So, Mr. Speaker, for the reasons I have given I intend to support the amendment of the hon. member for Lethbridge (Mr. Blackmore).

Mr. VICTOR QUELCH (Acadia): I find myself in accord, generally speaking, with the statements of the hon. member for Rosthern (Mr. Tucker) and also, with one or two exceptions, of the hon. member for Rosetown-Biggar (Mr. Coldwell). I wish to deal chiefly with statements that were made in the earlier part of the debate and with one or two that were made prior to the debate.

I was much interested in some observations of the Minister of Labour (Mr. Rogers) and the Minister of Finance (Mr. Dunning) on the subject of relief, and I was somewhat disturbed when these ministers stated that in their opinion the only money that could be made available for relief was the money that the government could tax from the pockets of the people. It seems very strange that such statements should come from members of a government elected on a platform of monetary reform. It seems even stranger that the Minister of Labour should make the statement that if the federal government were to assume the responsibility for all relief it would be necessary to increase taxation against the incomes of the people in the lower brackets, and also perhaps to raise the sales tax, which falls heaviest upon the poorer classes of people. Perhaps it would have been a good thing if the Prime Minister (Mr. Mackenzie King) had taken one or two of these ministers with him on the election campaign, so that after he had soared high, wide and handsome in the realms of monetary reform it would have been possible for the Minister of Labour to get up and bring people back to earth by telling them that the only way the Liberal party could make money available to meet the domestic and social requirements of the people was by increasing taxation against the poorer classes. Had that statement been made during the elections I should not have been criticizing the government to-day. But not only was that statement not made, but there echoed from one end of Canada to the other the Prime Minister's statements telling the people how currency and credit would be made available in terms of public need, showing how money would be available to meet the domestic and social requirements of the Canadian people.

The other day when the Minister of Finance was speaking and praising the policy of the Bank of Canada, he said the bank had made money available for the industrial requirements of the people. But there was no word said as to "social" and "domestic" requirements, words that were spoken so freely in speeches prior to the election.

I listened with great interest to the essay read by the Minister of Finance, but it was largely spoiled for me owing to the fact that in the latter part of it there was a large number of misstatements of facts and a large number of false charges against ourselves that cannot be substantiated by the minister. With those statements I shall deal a little later.

The Minister of Finance criticized the hon. member for Lethbridge (Mr. Blackmore) because he quoted somewhat freely from certain authors who are not believers in social credit. The hon. member never at any time quoted those authors as supporters of social credit; he quoted them as supporting certain principles which are fundamentals of social credit. I would also point out that whenever the hon. member for Lethbridge quoted these gentlemen he named the author, the title of the book, and the page on which the quotations could be found. When the Minister of Finance attributed statements to Major Douglas and ourselves and other social crediters he did not on a single occasion give the name of the book or the place where the quotations could be found. When the hon. member for Lethbridge challenged him and asked where the statements could be found, the Minister of Finance merely stated that he had read many books and these were his general impressions. I challenge the Minister of Finance to show where those statements can be found. I shall be referring to them later on.

Our motion points out that there is poverty in Canada and states that in our opinion the government is not taking the necessary steps to remove that poverty by adequately developing our natural resources. It is true that there has been a partial recovery in Canada, largely due to the fact that the world to-day is spending millions upon millions on armaments. In the debate on the address in reply to the speech from the throne I read from a letter of the Canadian Bank of Commerce which makes that very clear. In order to

obtain a proper perspective of conditions in Canada to-day I should like to draw a rough picture. On the one side we have a great productive plant working at only a small percentage of its capacity. We have abundant natural resources barely touched, tremendous sources of energy which can be developed, a large surplus of labour unemployed, and many who are working only part time. On the other side we see a sordid picture; a great army of people on the verge of starvation, about 900,000 on relief, and many thousands more whose standard of living is insufficient to provide the requirements of a healthy existence. Are not the people fully justified, then, in asking why in a Christian democracy it is not possible to employ that surplus labour in factories and industries that are working only part time, in order to produce from our wealth of natural resources goods which are so sorely needed by these starving masses? Is it a problem beyond the power of the government or of man to solve?

We have heard hon. members state that this condition of things is the fault of industry; they blame industry for not expanding. But how can industry expand when there is not a market for its goods? We have stressed time and again the reason why it cannot be done. We have shown why there is no effective market. The physical demand is there, but of what use is it unless it can be made effective?—and it can be made effective only by putting money in the pockets of those who need the goods. I have shown that it cannot be done unless you have a sufficient volume of capital production to pay out wages to restore the balance. I have pointed out that there must be a certain relationship between the production of consumption goods and of capital goods. I was therefore surprised when the Minister of Finance stated, as reported at page 1156 of Hansard:

> Another error which the social crediters make is to overlook entirely the fact that consumers do not buy the whole product of industry. A very substantial proportion of the total product of industry consists of producers' or capital goods—machinery, tools, equipment, etc—which never come into the hands of consumers and which they never have to buy. The firms which are producing these capital goods pay wages, salaries and dividends which constitute purchasing power in the hands of consumers for the purchase of consumers' goods produced by other industries. It is therefore absurd to contend that sufficient money could be placed in the hands of consumers to enable them to purchase the entire produce of industry.

The Minister of Finance states that consumers are not required to pay for capital goods. Does he suggest that the owners of the factories of Canada to-day are philanthropists, allowing their factories to be used to produce goods without charging for the use of the factories? When goods are produced in a factory, included in the price of those goods will be a certain charge to cover the cost of equipping and maintaining the factory. Therefore unquestionably consumers not only pay for consumers' goods but also their share of the cost of depreciation of the plant that produced those goods.

I have spoken on this subject several times in the house, and every time I have referred to the fact that industry cannot create its own demand unless there is a sufficient volume of capital goods produced so that the salaries and wages paid in their production will be equal to the deficiency that exists as between the effective demand of the people and the total price of the goods available for distribution. I stressed that fact the first time I spoke and on other occasions since then, yet the minister says we have always ignored that point. I am not blaming the minister for not listening to or reading our speeches, I know he is a busy man, but I think he should be a little more accurate than to make such a sweeping statement.

So we have said it is necessary to issue additional money or purchasing power outside of the industrial system in order to make up this deficiency. When we make that statement, it is claimed that such action would cause inflation. What is inflation? The hon. member for Lethbridge dealt with this subject at some length, so I shall touch on it only briefly. Inflation to a very large extent depends on the relationship between the aggregate of prices of desired goods available for distribution and the total effective demand of the people. In other words, if the total price of desired goods available for distribution was $2,000 and the total effective demand of the people was $2,000, the two would balance and there would be stabilization. If, on the other hand, the effective demand was increased to $2,500 and there was no increase in production, unquestionably you would have inflation; the price of goods would rise to absorb that surplus money. But if when demand increased from $2,000 to $2,500 production were stepped up to the same amount you would again have stabilization. Carl Snyder, chief statistician of the federal reserve banks of America, has pointed out, by a series of charts showing the relationship between volume of credit and volume of production over a long period of time, that so long as the volume of credit parallels the volume of production there is no variation in the price level. In other words, by dividing your volume of credit by the volume of production you find the price level at

that time. In support of that statement I might quote briefly from a great world economist, Paul Einzig, in World Finance Since 1914, published in 1935, at page 17:

> The more advanced definitions of inflation duly allow for any change in the volume of real wealth. Thus if the volume of currency and credit increases, and the production of real wealth increases in the same proportion, then there is no reason why the expansion of currency and credit should produce an inflationary effect, even if it affects the spending power of the community. It is only if the increase of currency and credit is in excess of the additional production of real wealth that it is defined as being of inflationary character.

On the other hand, if the effective demand of the people falls below production, you would have deflation. By the old classical school of thought it was contended that prices would then fall until equilibrium was established. But to-day owing to combines and powerful groups in industry and the fact that a large proportion of the price of goods consists of overhead charges that are to a large degree fixed, instead of prices falling production becomes restricted in consequence of the inadequate buying power.

In support of that statement I should like to quote very briefly from the survey made by the Hoover committee, to which the hon. member for Rosetown-Biggar (Mr. Coldwell) has already referred. This is taken from the report of the director, Doctor Harold Loeb, in his book The Chart of Plenty, at page 70:

> In our modern industrial society we have arrested the practice of dropping prices. Instead when wages, profits and other payments fall short of acquiring the total of goods and services we restrict production. . . . With debt charges (which compose a large proportion of overhead expenses) fixed, and with prices free, a radical drop in prices bankrupts the producer. So to-day restricting production has become a necessity—which is another way of saying that the impoverishment of our people is compelled by our financial conventions!

Then, continuing on page 71:

> The total national monetary income in 1929 did not equal the total price asked for the goods which could have been produced by the plant then existing. But instead of dropping prices until monetary income was able to command full production (which is the classical answer to this situation), prices were maintained and production was restricted. Consequently, national monetary income did not in 1929, nor does it to-day, command the full production of our industrial plant. Which is another way of saying that the national income was not what it should have been. In fact, since 1929, the national monetary income has been commanding an ever decreasing volume of consumer goods, and the actual national income has become but a fraction of the possible national income.

As I have already said, this state of affairs has come about owing to the fact that industry does not create its own effective demand. The other day the Minister of Finance pointed out that economists, in attacking social credit, invariably attack the premise upon which social credit rests. He contended, and I quite agree, that if the premise upon which social credit rests is unsound, then the social credit proposals will naturally collapse. But, Mr. Speaker, I intend to deal briefly with the Douglas analysis, which I am absolutely satisfied is sound and cannot be refuted. It is true that attacks have been made by Professor Copland of Melbourne university and Professor Robbins of London university, and more recently by the Australian commission appointed to investigate the monetary and banking system of Australia. But if we take Major Douglas's reply to the attacks of Professor Copland and Professor Robbins, in his book The New and Old Economics, I think we will find that he has been able quite easily to place his finger upon the flaw in their argument. That book also answers very adequately the charges of the Australian royal commission.

Before dealing with that argument I should like to refer briefly to one argument we often hear. During the last election the president of the Liberal association just south of my constituency challenged me on this ground. He said, "I quite agree that there is a deficiency in purchasing power, but the error you make is in not realizing that industry is not the only source of income. For instance, there are professional salaries, the money paid to employees of banks, and the interest on bonds. These are paid outside of industry, and therefore they will make up that deficiency." Professional men obtain their income by charging their patrons. Those patrons obtain their incomes through salaries and wages. Then the interest paid on bonds is obtained by the government through taxation, which is imposed upon all people, the wage earner and the salaried man, and upon industry, which means that industry has to pay that income. Then in the case of the bank employees, we find that the banks pay their salaries out of the profiits obtained from the charges on loans made to industry. So in all those cases we find that the incomes are derived from industry.

Very briefly I should like to deal with Major Douglas's argument regarding the deficiency of purchasing power. In view of the fact that the Minister of Finance devoted a great deal of time to this subject I am going to spend a little time in discussing this question. We find that Major Douglas claims that the deficiency is due mainly to five

causes: profits, savings, reinvestment, depreciation charges and deflation. Let us take the question of profits. If we find that in any one year let us say $10,000 is paid out in costs, then the total price of those goods cannot be less than $10,000. We will say that industry adds 25 per cent profit to that. Then the price of those goods cannot be less than $12,500, but we have paid out only $10,000 in costs. Ten thousand dollars cannot pay $12,500 in price; therefore there is bound to be a deficiency in purchasing power equal to $2,500.

The orthodox economists suggest that we can overcome that difficulty by borrowing the money from the bank and paying it to the producer for his profits in advance. Then that money can be spent to liquidate the charges represented by profits. But, Mr. Speaker, while that argument may be sound, if that is done, it is essential that as soon as the producers get that money, they spend it on the goods that are produced; otherwise there will be goods to that extent left unsold. Just here I should like to quote from the book put out by the Pollock Foundation entitled Profits, which shows that the profits of industry to the extent of approximately fifty per cent are not distributed. Therefore you have a deficiency in purchasing power equal to fifty per cent of the profits, because those profits are largely reinvested, and a little later on I shall show that its reinvestment of savings causes a deficiency.

The difficulty caused by the practice of not distributing profits is becoming greatly aggravated owing to the centralization and mechanization of industry. If we go back before the machine age we find that practically all goods were produced by handicraft, and that the price of an article was the material cost plus the direct labour cost. A man's labour costs were indistinguishable from his profits, and the whole of that profit was available as purchasing power. But to-day, owing as I have said to the centralization and mechanization of industry, we find that the profits of industry are so large that the beneficiaries, even though they explore every form of luxury, are not able to expend the total amount of their income. Therefore a part of this income is saved. So long as these profits are saved it stands to reason that the goods against which those profits are charged cannot be sold.

The Australian commission pointed out that so long as savings of the past are being spent at the same rate as the savings of to-day, there is no deficiency. Nevertheless, over a long period of time, if we draw a graph to represent savings we will find that the practice of saving is going on at a far greater rate than savings of the past are now being spent. Therefore there is bound to be a deficiency of purchasing power owing to the practice of saving. The commission points out that if savings are invested, then the savings are paid out in salaries and wages, and therefore will be available as purchasing power. But I want to point out that the reinvestment of savings causes a deficiency of purchasing power equal to the amount applied to reinvestments. In order to make it as simple as possible let us take two examples. We will say $10,000 is saved from the wages paid out by industry. Therefore there will be $10,000 worth of goods left unsold. Then we will say that these savings are invested in the production of new goods; that they are paid out in salaries and wages, and $10,000 worth of goods are produced. The goods saved in the first cycle we will call A goods; the goods produced in the second cycle we will call B goods. We will invest those wages again, produce another $10,000 worth of goods and call them C goods. We will now take the $10,000 paid out as wages in this cycle, and purchase the goods left unsold in the first cycle, namely the A goods. The goods are bought; the retailer is able to repay the wholesaler, the wholesaler the manufacturer and the manufacturer the banks, and the wages are cancelled. But we want to remember that we have left behind $10,000 of B goods and $10,000 of C goods, and we have no money in existence to balance those goods.

It is true that we have two investments there; but those investments are balanced by goods, and there is no purchasing power in existence to buy those goods so that the investments can be liquidated.

We will take another example of investing money in the building of a factory. We will suppose that we have $10,000 in savings. We leave the $10,000 of goods represented by the savings unsold, and use the savings in building a new factory. Salaries and wages are paid out to contractors and workmen, and of course as the workmen are not interested in purchasing the factory they are in a position to buy the goods left unsold. But when that factory starts to produce goods it will have to include in the price of those goods a certain charge, in order to collect back the cost of the factory. You have no money in existence to balance these charges; therefore you will have a deficiency of money to the extent of the charges. The question of depreciation charges may be brought in the same category, and therefore I shall not take the time to deal with them.

On the question of deflation the Australian commission points out that when loans are drawn in by banks they are reloaned immediately, and there is no deficiency caused. But of course in a time of depression, such as we experienced between 1929 and 1934, we find that over $900,000,000 was withdrawn from circulation, and undoubtedly that caused a serious deficiency of purchasing power. But I would especially refer to old debts, such as war debts, and would say that the only way the government can liquidate these old debts is by taxing money out of current production. If money that has been paid out in current production, instead of being left available to pay for the goods it has helped produce, is taxed by the government, and then paid on old debts to the banking system, undoubtedly you will have a deficiency of purchasing power to that extent, because when the money is paid to the bank it is cancelled.

I believe these statements will show quite clearly that there is a chronic deficiency in purchasing power to-day, and therefore it becomes essential to issue additional money, outside the industrial system, in order to make up that deficiency. Briefly to summarize, may I say this: Inflation depends upon the relationship between the aggregate of prices of desired goods that are available for distribution, and the effective demand of the people. Second, industry fails to create its own effective demand and, third, additional money may be issued, outside the industrial system, in order to make up that deficiency, without any real danger of inflation.

I do not wish to be dogmatic as to how that money should be paid out. Time and again we have stressed that it might be paid out by reducing the age for old age pensions from seventy years to sixty years, by making pensions available to all who are blind, whether or not they are forty years of age, and by making pensions available to all those people who are physically incapable of earning a living or taking care of themselves. Then, to ensure that balance is maintained as between effective demand of the people and the total price of goods available for distribution, a price discount may be given on goods. The hon. member for Wetaskiwin (Mr. Jaques) will discuss that matter fully at a later time, and I shall not dwell upon it.

The other day the hon. member for Essex East (Mr. Martin) challenged the hon. member for Lethbridge (Mr. Blackmore) on the question of potential productive capacity. He asked: How are you going to ascertain to what the production of a country can be increased? He seemed to take the stand, as taken by some other hon. members, that it would be impossible at all accurately to compute to what the production of a country could be increased, or to what point the consumption of a country might develop. With that in mind I should like to quote briefly from a survey that has been made. This is an actual survey, from which certain results have been found. I must point out therefore that it is not a question of whether or not it can be done, because it has actually been done. I refer to The Chart of Plenty, by Doctor Harold Loeb and associates, who deal in their book with the work carried out in connection with a national survey of potential productive capacity. The survey was set up by the civil works administration in February, 1934, before the findings of Brookings Institution's survey were available, to discover, among other things:

(1) The ratio of actual production to capacity production.

(2) The man-power required for (a) existing production, (b) capacity production.

(3) The degree of interdependence among industries to ascertain possible bottlenecks in the flow of materials from the natural resources to the ultimate consumer.

(4) What purchasing power would be necessary to command capacity operation of the existing plant, at any given price level.

The national survey of potential productive capacity was also empowered to—

(5) Translate capacity production into consumer goods and services, and

(6) Translate the consumption of these goods and services into terms of life (a) for society, and (b) for the individual.

After they had conducted their survey they found this:

By such working back and forth we finally arrived at a close approximation of the quantity of goods and services (the budget) which the people of the United States might expect if production were directed towards the satisfaction of their needs and reasonable desires, and if production were limited only by physical factors and the "product capacity" of the existing plant.

But also, surprising as it may seem, the budget lists with fair accuracy the goods and services which the American people would consume if their desires were satisfied! In other words, the budget is not only an estimate of possible production but also of possible consumption—excluding the assumption of a radical alteration in habits, such as would result if the practice of aeroplane joy-riding became general or if television sets came into popular use.

Then, I should like to read finally what the survey revealed:

The results are briefly stated. If the existing plant and man power in the United States were fully employed in the production of

honest goods and services for the consumer, the total output, valued in 1929 dollars would be not less than 135 billions, or an average per family of approximately $4,400. This estimate does not presuppose any considerable change in the physical plant, the introduction of new processes, or the modernizing of old factories.

I suggest, Mr. Speaker, the report shows clearly there would be no material difficulty in arriving at the potential productive capacity of the country.

The Minister of Finance advocated that we make certain definite recommendations, and I would therefore recommend that we hire other men, similar to Harold Loeb, for the purpose of conducting a survey in Canada similar to the national survey of potential productive capacity in the United States. Having done so we would be in a position to know what the productive capacity of the country would be, and could plan to make available sufficient purchasing power to build up the demands of the people equal to the possible production of the country.

I realize that there is always the danger of inflation, and not only that but the danger that certain industries are going to try to exploit the public. Therefore certain steps would have to be taken regarding price control. But that is effectively controlled by the just price factor concerning which the hon. member for Wetaskiwin will speak.

I should like to deal briefly with a subject touched upon by the hon. member for Rosthern (Mr. Tucker), namely bank reserves. I am not speaking necessarily from the point of view of a follower of social credit, because I do not believe Major Douglas has ever stated that such a step would be necessary. I do feel that certain steps would have to be taken to bring about a more definite control over our banking system. For instance the hon, member for Rosthern advocated that we should increase the cash reserves of the banks up to 20 per cent of their deposit liabilities. Personally I should like to see the cash reserves increased to 100 per cent of their chequing deposits. Of course, that would not mean to 100 per cent of the savings deposits as there would have to be a distinct line drawn between chequing accounts and savings accounts. The money deposited in the savings accounts would be deposited for a definite period of time. That money would become the property of the bank during that period and it would be necessary to maintain only a 50 per cent coverage against the savings accounts.

It would not be possible for the banks to recall a sufficient quantity of loans to give them that coverage, and therefore I would advocate that the government buy up a sufficient quantity of the national debt in the form of government securities held by the chartered banks in order to give them that cash reserve. The result would be a great reduction in the national debt and in taxation, because the Minister of Finance has stated, if I remember rightly, that 43 per cent of taxation goes to pay the interest on the debt. It would mean also that we would have 100 per cent control of the banks and there would be absolutely no danger of a run on the banks. The figures on the stubs of your cheque book would be balanced by actual cash in the bank.

We have heard that the central bank has complete control over the volume of currency and credit, but I would suggest that the control which the central bank has at the present time is similar to the control you would have over a high powered car that had a worn-out steering gear. You would give the wheel a slight turn to the right and the car would take a violent swing in that direction; that is, the chartered banks would be able to multiply your action more than ten times and the result would be you would land in the ditch of inflation. Or you might turn to the left and land in the ditch of deflation. You would go down the road ricocheting from side to side without any adequate control.

It might be argued that this action would cut down the profits of the banks too severely, but personally I would not be worried if the banks were not able to pay a twelve per cent dividend as they have been paying during these times of depression. I would not be worried if it were not possible for the banks to build what might be called palaces on the street corners of our towns and villages. I would not be concerned if it were not possible for them to increase their reserves to the extent they have in the past. We would have a definite control over them; the national debt would be reduced and the banks would be on an absolutely sound basis. If the banks cannot operate on that basis, then the best thing to do would be to nationalize them.

In closing I should like to say that I am supporting the amendment because I feel that this government has not fulfilled the promises it made during the election with regard to monetary reform. It has not taken adequate steps to develop the resources of the country at a sufficient rate or to a sufficient degree to meet the present physical demands of the people.

Mr. R. J. DEACHMAN (Huron North): After listening to the social credit explanations I am not very much surprised that Mr. Aberhart suggested the need for calling in experts. At Cooking Lake last year he said:

> The people need not bother how these aims (the aims of social credit) might be accomplished—leave that to the experts chosen to do it. Don't let details bother you, ask for results. For goodness sake don't get an inferiority complex. You cannot get anything if you don't think you can get it. How? That is something you don't need to bother about. You go ahead with your farm work.

But the thing that puzzled me this afternoon as I listened to these speeches was why it was necessary to go abroad for assistance when we have such experts in this house. My hon. friend has suggested that dividends can be paid; that there is a surplus from which production can be distributed, but I am rather curious and I should like to get the advice of these experts. I think it is more than probable that during the last two or three years consumption has actually exceeded production in Alberta. When we calculate consumption in that sense we must take into account depreciation in the value of equipment and machinery which has not been maintained during the depression. The whole province has allowed its equipment to run down and deteriorate. Perhaps we have an explanation for Mr. Aberhart not coming through with his dividends. Dividends would have to be paid out of surplus, and it may be that after examination by his experts it was found that there was no surplus to be distributed. If he had been compelled to attempt the task, the only thing he could have given was a dividend in reverse; that is, the people residing in that province would have had to contribute to the state instead of the state contributing something to them.

The essence of the story presented by the hon. member for Lethbridge (Mr. Blackmore), amounts to this:

> We are producing goods but people cannot buy them. Why cannot people buy the goods produced and how can we manage so that the people will be enabled to buy?

The contention of my hon. friend is the basic contention of the party to which he belongs. I do not accept that statement in the form in which it is presented; yet I think as it stands it deserves careful analysis. There is something wrong with our method of distribution when we find ourselves in the difficulties that confront us to-day, but I cannot follow their argument. I hold in my hand a book. Let us assume that it cost me $2 when I bought it from the store. I gave the storekeeper $2 and that $2 means purchasing power as far as he is concerned. He pays the wholesaler for the book; the wholesaler pays the publisher and the publisher distributes what he receives in the form of costs. Right back to the end of the line these costs are distributed.

Mr. PELLETIER: Would you say that if you bought the book at cost there would be a profit?

Mr. DEACHMAN: The profit would go back into purchasing power. Suppose the man from whom I purchased the book makes fifty cents on it. He can turn around and buy something from me in exchange if I have something to sell. The cost is, beyond question, distributed. The Minister of Finance (Mr. Dunning) used boots as an example the other night. Take whichever example you choose; in no way has there been a loss of purchasing power. When you buy a product, you pay for it and when you pay for it, you pay something which is purchasing power. Let me put it to my hon. friend in this way. Go back to the old days of barter. Instead of paying for that book with a two dollar bill, I pay for it with two bushels of wheat. The two bushels of wheat would buy something else, would it not? I cannot understand how there can be any possibility of misunderstanding in a simple transaction like this. You cannot find out, at least I have never been able to find a social crediter who could explain where the missing item was or where it had gone to. Is it up their sleeves? To find it is like looking in a dark room for a black cat that is not there. There is no possibility of its being there.

There is another aspect that deserves serious consideration. I refer to the picture presented this afternoon by the hon. member for Rosetown-Biggar (Mr. Coldwell). The hon. member asserted that there was to-day a maldistribution of purchasing power in the Dominion of Canada and in practically every country of the world. I should like to give some facts which have been brought out by the Brookings Institution, which has been quoted quite often in the house. The findings of this institution are a direct challenge to the economic thought of the age. It is true the essential points are not new; they have been stated and restated in a hundred different forms; but Doctor Moulton has presented them in direct relationship to the needs of to-day. The figures given deal with the United States, but I shall give the Canadian figures later on. He said:

> Families getting less than $1,250, in the average, saved nothing in 1929.

That is in the United States. I think that is a rational conclusion.

Out of $15,000,000,000 of individual savings $13,000,000,000 were made by ten per cent of the population in the higher income classes. As a greater proportion of families moved into these classes over a period of years, a greater proportion of money income was saved. Only part of this went to build new plant.

In the past when I heard that statement I would have answered: Well, what is the matter? I would have said that this saving goes into the banks, and the banks lend the money. I would have said it goes for the purchase of bonds, the bonds of manufacturing establishments, or railways, or whatever it might be, and that again would go back into producing more purchasing power and giving employment to people. But we have to consider these things in the light of conditions as they are to-day. When business is active and accumulated funds seek productive investment, that would be true. In the conditions which existed in 1929, that would be true. But for some reason to-day, under different conditions, that does not follow, and I am now going to give the house figures which show how much has drifted into the form of bonds held by the banks of Canada, and how much is not being used of the available credit which might be used in the Dominion of Canada.

What do we find? Current loans and discounts of banks in Canada stood at $1,343,000,000 for the year 1929. Business was using the available credit at that time. The level was $731,000,000 on December 31, 1937, a decline of $600,000,000.

Mr. BENNETT: Is that the loans?

Mr. DEACHMAN: It is current loans and discounts of all the chartered banks in the dominion.

Mr. BENNETT: It does not include demand loans?

Mr. DEACHMAN: No, nor call loans. On the other hand, federal, provincial and municipal bonds, representing bank loans to governments and provinces, because a bond is after all a note, and investments in other securities, amounted to approximately $500,000,000 in 1929, and stood on December 31, 1937, at $1,500,000,000. What is the significance of these facts? We are not using our available credit for production. Savings are going into bonds and securities. Money is seeking a safe harbour. It is seeking a safe harbour because of fear, because of the situation which exists in the world to-day; and of course, being faithful to the cause I represent, I must contend that it is in part due to mistakes of government, perhaps even in part of this government.

I have here the report of income tax collections for 1936. It shows that 199,102 people paid income tax. In 1931 the total number of people gainfully employed was 3,927,230. Assuming that the number gainfully employed was the same in 1936 as in 1931—and the difference would not be large—we have 3,728,128 who came below the income tax levels. Of those who paid income tax 175,492 were in the bracket of $5,000 or less, and contributed a total of $4,204,731. The remaining 23,610 paid more than $28,000,000. When you pay your income tax, and your income is ten or twenty or fifty thousand dollars, I venture to suggest that in the great majority of cases it goes back not into consumer goods but into investments, into bonds or savings. While it might in normal times, or would in normal times, be employed in the production of capital goods it does not now go back into the production of capital goods because money is invested in capital goods for the production of consumer goods, and if there is no demand for consumer goods then money will not flow in capital production.

In Canada our population is more largely rural than in the United States. There is practically no saving so far as the farmers are concerned, so that we would have a larger number of people with small incomes on which they were incapable of saving in the normal course of events, and the savings which have been accumulated have been accumulated largely among the more favoured class.

Mr. BENNETT: Of course, the one thousand dollar income people are not included.

Mr. DEACHMAN: Yes, I recognize that. We have now this situation. There is unquestionably at the present time (1) maldistribution of income; (2) wealth, savings, credit power concentrated in the hands of relatively few; (3) a decline in the use of credit for industry. The capital goods market is at a low level.

In essence, therefore, we have a situation which is almost unique in Canadian history. The market for capital goods is not sufficient to absorb our excess production. There was a net capital export from the Dominion of Canada during the past year: that is, we bought back some of our production from abroad because there was not a good market for capital investment in this country.

In the past our periods of prosperity have been followed by a succession of depressions

and booms. The idea occurs to me that while each successive boom actually rose to a higher level than the preceding boom and brought about a higher standard of living and more comfort to many people, we may now be reaching the point where there may be a recession in these peaks and I sometimes raise the question in my own mind whether we may not for some time to come fail to reach a peak as high as we have reached during the past boom. There are certain things which indicate this. Intensive nationalism such as has developed throughout the world calls for lower standards of living. I do not think there is anyone here so stern an advocate of protection and of the doctrine of exclusion that he would deny the assertion that when each little nation is cribbed, cabined and confined within its own narrow boundaries, the standard of living is not going to be as high as it would be in normal times. Second, we have rigid control of industry. We have fixed prices. There is so much of the economic area which is fixed that those who are outside the field of privilege, that is the farmer, the basic producers generally and the common labourer, are on a very low level, and they must have a difficult position during any period in which business is not above its normal level. Third, a highly mechanized industry produces at a low cost when it is running at 100 per cent level of activity; but when mechanized industry begins to produce in a period of depression, when the steel industry in the United States, for example, is down at a level of approximately 26, that is high cost production, and it means high costs in selling and high cost for its consumers. When these high costs are reached it is extremely difficult for the men in the lower income brackets to be able to buy back the goods which are produced, because they have no real purchasing power.

I say this further—and here is where I shall get into difficulty with the hon. member for Rosthern who, I am sorry, is not with me. I am not sure that we can solve all these problems by the new method of playing with the counters. We are now to have managed currency. Managed currency has to be managed by men. Men are capable of making mistakes, just as well as the old form of currency was capable of wrong use. But there is this that can be said of the gold standard, that at least it kept its word so long as men did not make it impossible for it to keep its word. The problem we have to-day is not so much to play with the money we have as to get goods exchanged and to develop markets, and this is a problem which we are not facing when we turn our sole attention to the problem of money.

Now what is to be done? The capital goods market has been more or less destroyed. There is maldistribution. Consumptive demand is insufficient. In the United States they have developed a certain solution or attempted solution of this particular problem. It is the great and glorious pastime of "soaking the rich." They have also tried the other method of expanding the demand for credit and money by means of government expenditures. Well, I suppose I have the right to differ from some of my friends in this corner of the house. The hon. member for Rosthern suggests that highways can be built and other large government enterprises undertaken. But I suggest that that involves the production of something which must have an exchange value equal to its cost of production; otherwise it is not profitable to the community as a whole to have it produced. For if the people of Canada have to be taxed to build a road to a park in northern Saskatchewan—and I am not singling that out for distinction as not being a good place to build a road; the same reasoning would apply if they had to pay taxes to build a road into Huron county—if they are to pay taxes for the building of a road, it must be because the Canadian people feel that that road has an exchange value equivalent to its cost of production; in other words, that the Canadian people as a whole or the people of some community in Canada will be able to exchange the product which they produce for the benefit of having that road where it is.

Mr. MARTIN: Would the hon. member permit me? Is he not considering purely the economic aspect of the problem and overlooking what is equally or more important, the sociological aspect?

Mr. DEACHMAN: Quite. But a nation which is in the midst of a period of hard times, when it is difficult for us to provide food, clothing and shelter, and when, as I noted from the record to-day, schools in Ontario are sending out money to support schools in Saskatchewan, can very well, in my opinion, turn its attention to the production of things which are needed more than are roads in any district at the present time, unless those roads have a value in service to the community and are worth producing for that reason. I am in no doubt so far as that is concerned. We may put up beautiful

buildings and fine monuments, and they have a value; but when the government expends money upon the construction of a public building it is an entirely different matter from spending it upon a business enterprise. If we build a new post office in Ottawa, does it increase the payroll? Will there be more stamps sold? Will more money orders be bought? We may operate more efficiently in a new and better equipped post office, but it will do very little to add to the production of wealth in Canada.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. DEACHMAN: When the house took recess at six o'clock I had pointed out that in the United States they had tried a number of different means to restore prosperity, but despite these attempts the United States to-day seems to hold the lead in the drift into another depression. Some time ago the Natural Resources Committee in the United States made a report on the development of industry in that country. A summary of their finding appeared in the Index published by the New York Trust Company in November last. The investigation covered manufacturing, mining, steam railways and telephonic communication. I give you only one illustration, that of manufacturing. Taking 100 as representing the volume of output in 1920, production in 1934 stood at 94. The man hours required in 1920 for that year's production being shown by the index number of 100, the man hours required for the production of the reduced volume of 1934 were 52. This gives us a figure of approximately 56 for the man hours required to produce 100 units of goods in 1934 in comparison with 100 man hours for production of the same volume of goods in 1920.

I want to make that point clear. It took approximately fifty-six per cent of the number of man hours to produce the volume of goods in 1934 which was produced by 100 man hours or units of work in 1920. Measure what that means in volume of unemployment, if nothing else occurs to alter that movement. I admit at once that there are variations in the kinds of production between 1920 and 1934; also there are variations in the means of distribution. I admit that other factors may operate to relieve the volume of unemployment resulting from that decrease in man power required. But I want to ask the house just one question: If that number of men can be discharged from industry with the volume of production remaining practically the same, what becomes of the problem of employment in Canada and the United States unless some other adjustment is made?

Now what adjustment is necessary? Why is machinery installed? Machinery is put in because it will reduce the labour cost of the product. No manufacturer instals new machinery unless he believes that by doing so the number of men required to operate his factory can be reduced. I do not suggest for a moment that if the free play of natural forces were allowed to operate, that would mean, over the long period, a reduction of employment. But if there is something which enables the manufacturer, after dismissing these men, to continue to sell his goods at the same price, then there is unemployment, and the next step is to throw the burden of that unemployment upon the state. The only remedy as far as I can see is that the price be permitted to fall in order that there may be enlarged purchasing power, and the increase in demand for goods, although it may not apply to this particular factory, expands into other divisions of production, because the desires of man are limitless; as long as he has purchasing power he will go on buying. That is the only way as far as I know by which that balance can be effected. But if on the other hand we are going to hold prices up; if we are going to have, as we have in Canada now, rules and restrictions of every possible kind tending against reductions in prices; if we are going to pile up tariffs; if we have obstructions which restrict imports like sections 36 and 43 in the Customs Act, then the inevitable follows. It makes no difference what speeches we make about these questions; it matters not what we do at election time; the thing that matters is what we do when we assemble here trying to govern this Dominion of Canada.

The hon. member for Rosetown-Biggar (Mr. Coldwell) who spoke this afternoon, is in entire accord with me, I think, in the analysis I have given so far. We have moved along somewhat parallel lines. But he proposes an entirely different remedy. His idea, as expressed this afternoon, is that the government should take over the control of production and that we should move towards the socialist state. I fail to see how any man can hold that opinion in view of our knowledge of government efforts to-day in Canada and other countries. We have problems enough on our hands, with the hydro-electric development in Ontario, the Canadian National Railways, the operation of government owned utilities in different

provinces. It seems to me that if the solution is to be found along that line our progress must be very slow. We have to develop step by step the ability to walk, the ability indeed to stand upright and to move at all, before we go on to face the problem of the administration of the entire industrial life of the dominion. Think of the complexity of the problem of trying to organize production and distribution of all the multi-complex lines of production and distribution and services in Canada if we remove free initiative and say that all has to be planned by government.

Last year I read the record in the Saturday Evening Post of some United States engineers who were working in Russia. Their great difficulty was that they had to compile so many records and so much time was consumed in making reports to this division and that, and in the voluminous correspondence, that they had no time to go on with their work. By the time they had the reports finished and plans prepared and approved, the whole thing was so completely mixed that it was surprising that they ever reached the stage of production.

The only remedy I can see is to face the situation by a return to freedom, by removing the barriers and permitting the free play of natural forces. What is there to control production except price? When the price falls too low we cease to produce; when it goes up we return to production. There may be waste in that process; mistakes may be made, as they made mistakes in the United States a short time age when they tried to control production and ran into a period of scarcity. But after all, over a period of years, the only possible way by which you can reach a reasonable level of production and price is by the free play of natural forces.

In discussing this question the other day the Minister of Finance (Mr. Dunning) came to what I think is a reasonably wise conclusion. I have noticed some criticism of the efforts of the government in the past few years, and sometimes I am free with that criticism myself. But I am wondering what the results would be if my hon. friends in the other corner were in power.

Miss MACPHAIL: It could not be worse.

Mr. DEACHMAN: I wonder if it is not worse in Alberta. At least we have kept clear of some things in regard to which they are somewhat involved out there. If my social credit friends had absolute power in Canada I wonder if they would do any better or show any greater capacity for the direction of affairs than they have shown in Alberta. I wonder, too, how my Cooperative Commonwealth Federation friends would get along if they were directing affairs. One of my hon. friends remarks that things could not be worse. Well, in that connection there would be as much diversity of opinion as there sometimes is in this party, with perhaps no better sense of direction! My hon. friend the Minister of Finance made this remark:

> Fundamentally our need is an actual increase in material wealth, not a different yardstick with which to measure it.

I agree with that, but it is not the only fundamental need. It requires the redistribution of the wealth now being created so that the relationship between savings and consumption shall be altered in accordance with the needs of to-day. Change the direction of savings and of investment; and again I say the only means by which that can be done is by free competition, by lowering the prices of goods and increasing consumption, thereby establishing demand. We may hold prices, but when we do volume drops. After all, the total measure of goods and services which we secure for our work is the result of two variables, price and volume, and if you hold the price at a high level the volume of consumption will be decreased. Therefore in terms of actual goods you will be poorer than you were before. My hon. friend the Minister of Finance also caught the vision of that need, and I hope he means to apply it. In his concluding paragraph he said:

> Such an increase in material wealth can be best secured by facilitating the production of the many commodities which Canada is best adapted to produce, and by exchanging these products on as large a scale as possible for products which Canada cannot advantageously produce, receiving in return for our exports as much rather than as little as possible.

That is a delightful phrase. I might almost have written it myself, but the strange thing is that my hon. friends who hold out this admirable advice do not always follow it.

I referred to section 36 of the Customs Act. I want to read a word or two of that. This is a section of an act which is framed for the purpose of making goods cost more. It serves no other purpose. It reads:

> The value for duty of new or unused goods shall in no case be less than the actual cost of production of similar goods at date of shipment direct to Canada plus a reasonable advance for selling cost and profit—

In other words, when we bring in goods from the United States we have a section of an act here which says that these goods shall be valued at a price which covers the cost of production and a reasonable selling cost, plus

a profit to the United States manufacturers. We are not to buy from United States sources unless we see that the United States manufacturer makes a profit. That is the essence of the story. Farmers in my constituency bought cattle last fall for six cents a pound. After feeding them all winter they will probably sell those cattle this spring for five and a quarter cents a pound, and there is not a word from either side of the house. Can you tell me what is the remedy? I do not know, but you ought not to insult these farmers by telling them that in the Customs Act there is a section which says that if they want to buy blue denim to make a pair of overalls they must be very careful to see that the United States manufacturer from whom they buy those goods is paid a price which allows him a reasonable profit. I wonder what would happen if one of my hon. friends, on either side of the house, were to employ a purchasing agent and send him out to buy goods. Would he give that agent a lecture first and say, "Buy where you like, but be sure that the man from whom you buy gets a profit." Yet that section remains part of the legislation of our country; it is in force, and was put into effect last year for what reason? It was done to prevent prices of cotton goods in Canada from being reduced, when they had fallen in the United States by virtue of the reduction in the price of raw cotton both in that country and in this.

That is what happened. That is the situation. We have legislation to keep up selling prices, to make us pay more for material we buy, and the same sort of things runs all through the Customs Act. I have on my desk a letter which I received from the Minister of National Revenue (Mr. Ilsley); I am sorry he is not in the house. All it means is this, that a manufacturer in my own constituency bought some leather in the city of Chicago. A man was sent post-haste from Ottawa to Wingham in order to investigate that purchase—to see if the man paid too much for it? No; to see that he paid enough for it; to see that the price was sufficiently high, made so by government regulation, so that he would be compelled to charge a higher price for the gloves which he produced from that leather. When you face that situation; when you look at what we have done in regard to sugar, it makes you wonder. Under section 43 of the Customs Act we revalued sugar coming from Cuba at a price which took millions of dollars out of the pockets of the Canadian people.

We see the provisions contained in sections 43 and 36 of this act; we see this tariff piled as high as it is to-day, after we have been in office for some time, and I say this is evidence that you are not recognizing the fundamental problem which faces us in this dominion to-day. Whether it is applied by the hon. gentlemen on this side of the house, I mean those separated from me spiritually but not physically; whether it is applied by hon. gentlemen on the other side of the house, associated with me spiritually but separated physically, and differing sometimes quite widely in regard to the questions I am now discussing, or whether it is applied by hon. members in the far corner; no matter how it is done, for what cause or on what excuse, I say the sure, certain, inevitable result of that policy is to lay the foundations, not for the expansion of employment in Canada, but for the still further restriction of the employment which we now have.

I appeal to you to-night to place this upon a reasonable basis. I am not making these statements merely to oppose somebody on this side or that.

In the debate of the last few days we have been trying to find out the causes of these conditions, to seek a solution—as I asked that it should be sought the other day, when I said that debate should be nothing but a search for the truth. There is no desire on my part to challenge the attitude of any party, no matter upon what side they may be, so long as they make an effort towards the solution of this problem. Do we mean to say that 245 members of the House of Commons, who are trained in political life, trained in economics and with a vast experience, are going to close their eyes and say that the problem is impossible of solution—impossible of solution, because it is impossible for us to blaze a new trail; impossible of solution because we cannot do something which has not been done before; impossible of solution for one reason, and only one, namely, that we fail to realize that we must live in conformity with certain economic laws, sternly set, built in the very fabric of our lives? Believe me, you cannot escape obeying them without paying the price—and that price is unemployment, higher taxes, disruption of government and, far, far above that, the payment in terms of broken lives. For that is what we do when we break the economic laws by which we are governed, and which we ought to obey, if we are to find a solution and make life happier for the people of Canada.

Mr. NORMAN JAQUES (Wetaskiwin): Mr. Speaker, since criticism has been directed against social credit, and since the founder of social credit is not here to speak for himself,

I would like to read a few quotations from the works of Major Douglas. He puts the root causes of our economic troubles as follows:

(1) Wages, salaries and dividends will not purchase total production. This difficulty is cumulative.

(2) The only sources of the purchasing power necessary to make up the difference are loan and export credits.

(3) All industrial nations are competing for export credits. The end of that is war.

(4) The major distribution of purchasing power to individuals is through the media of wages and salaries. The preponderating factor in production is improving process of the utilization of solar energy.

(5) This latter tends to displace wages and salaries, and the consequent distribution of the product to individuals. The credit factor in purchasing power thus increases in importance and dominates production.

(6) This production is consequently of a character demanded by those in control of credit and is capital production.

(7) The fundamental derivation of credit is from the community of individuals, and because individuals are ceasing to benefit by its use it is breaking down.

The hon. member who has just taken his seat has said that the remedy is to lower prices, so as to cheapen production. I would like to read Major Douglas's answer to that. He is speaking of that very policy which was put into force by the British government a year or two after the end of the great war, at which time there was a cry of "produce more and consume less." They thought that by so doing they could save enough money to pay for the war. Douglas says this:

Consider now the policy actually being pursued at this moment by the government—

That is the British government.

—and the financial powers to deal with the problem. They can be summarized in one sentence—the reduction of costs, and more especially the labour costs. But labour costs are wages and form by far the most important item in the total purchasing power inside the country available for the distribution of goods. Even supposing that retail prices were reduced in exact ratio to wage reductions, which is highly improbable or even impossible, how is the distribution of goods to people in this country, which is the true object of British industry, thereby advantaged? As the prices fall by this method, so the amount of money to purchase also falls, and we are as badly off as before, with the added complication of the discontent evoked by the reduction of wages.

As previous speakers from this corner of the house have intimated, the social credit remedy is the creation of credit, and its distribution direct to the consumer, to make up for the chronic shortage of purchasing power. The answer to that, of course, by the orthodox, is inflation. I would like to read Douglas' remarks on inflation, because social crediters, and particularly Douglas, are spoken of as inflationists. This is what Douglas has to say on inflation:

There is almost nothing to be said for a policy of deflation, as defined by the average banker, except that it provides a breathing space in which to consider what to do; the real argument against it is not that it reduces prices, but that it only does so at the expense of the producer, but a policy of inflation, that is to say a policy of increasing issues of money or credit, in such a manner that it can only reach the general public through the medium of costs, and must therefore be reflected in prices, has one thing and one thing only to be said for it at this time; that it is absolutely and mathematically certain to reduce any financial and economic system to ruins. It is in fact a capital levy of the meanest and most one-sided description since it taxes the purchasing power of those who obtained it by work, for the benefit of those who obtain it by financial manipulation.

When we are warned about the terrible consequences of inflation, the German example is always pointed out to us. But our opponents always omit to say that the German inflation was deliberate, and was caused so as to destroy Germany's internal debt and, as they thought, to give her a better chance of paying her external debt. That was done deliberately. However, I do not know of any instance in British history, or the history of any other country, where inflation has brought about any real ruin. On the other hand, since the end of the war deflation has cost in the loss of real wealth infinitely more than the great war itself. I had a letter from Senator Thomas, who is the senator from Oklahoma and, I believe, chairman of the agriculture and forestry committee of the senate of the United States, in which he said that since 1929 it was calculated that deflation in the United States had cost that country a loss of real wealth, that is, wealth which might have been produced but which was not, to the extent of $250,000,000,000.

We learned more about finance during the four years of the great war than I suppose we would have learned in four hundred years of peace. How was it possible to finance the cost of the great war amounting to tens of thousands of millions of dollars without inflation? The answer is that during war time finance was put to its proper use and financiers were put in their proper places. In peace times those who are in control of the financial policies, namely private individuals and private corporations answerable to none but themselves, deliberately and designedly bring about conditions of inflation and deflation. In war times the financier is put in his proper place. He dare not bring about

such a condition for if it were known he would be put against the wall and shot. When we consider the misery that has been forced on the people of Canada during the last seven or eight years, then I say that those who caused it should be brought before the bar of this house and made to answer to this parliament for their crimes. When we do that, then we can say that this is a sovereign parliament.

It is a curious thing, but history is absolutely dumb on the questions of money and finance. I believe I had a reasonably fair education. I have spent a lifetime on the farm, but I have been always a heavy reader. I have read a lot of history, but I was fifty years of age before I knew anything about money. I do not mean knowledge of the manipulation or the accumulation of money; I mean knowledge of the nature of money. Until then I knew little more than I did when I went to school. A man could take the highest honours in any university and still know nothing of the fundamental part that money has played during the course of our history. We read of great famines and hard times down through the ages and in most cases governments and nature have been blamed. We realize now that it was nothing but financial manipulation. That was one of the great causes of bad times. As the hon. member for Lethbridge (Mr. Blackmore) said the other day, Edward III attempted to overcome this by debasing the currency. At that time the hon. member for New Westminster (Mr. Reid) replied that Edward III was merely trying to get rich quick for his own benefit. I would remind the hon. member for New Westminster that Edward III lived before the conquest of England by Scotland.

Mr. REID: If you said that Scotland conquered England you would be correct.

Mr. JAQUES: It was when William Patterson, a native of Dumfries, founded the Bank of England in 1694.

Mr. REID: Douglas never conquered Scotland.

Mr. JAQUES: No; he reconquered England. Before I conclude I should like to remark that the Minister of Finance (Mr. Dunning) told us the other night that this government, or one might say, that he himself as Minister of Finance controlled the financial policy of Canada. One might as well say that a sultan's steward controls the sultan's harem, obviously the control is very remote. The house has heard Douglas's opinion of inflation, and I think it can be said that he is no more looking for inflation than is anybody else. He suggests a simple way of preventing it. Inflation is not, as so many seem to think, an increase in the amount of money. It seems to me that many people do not know the difference between inflation and expansion. Inflation means an increase of money accompanied by an increase in prices.

The orthodox speak about the inexorable laws of economics; but there are no such laws, there are merely rules. You might as well talk about the laws of whist or bridge. These are merely rules made by men that can be altered by men any time they care to do so. If I drop this book it falls to the ground according to one of the inexorable laws of nature. There is no altering that law, but I do not think it is right to say that the rules of economics are laws. I have only to mention the gold standard. A few years ago it was regarded as an inexorable law and we all know what has happened to that. I believe the orthodox view of inflation is based upon orthodox principles or rules of political economy. I would like to quote from Ricardo's Principles of Political Economy as follows:

> The natural price of labour is that price which is necessary to enable the labourers, one with another, to subsist and to perpetuate their race without either increase or diminution. It is, in practice, more likely to fall below, than to rise above, the subsistence level, but, after their privations have decreased their numbers, the market price of labour will rise to the natural price.

That is a "law" of economics. It is fairly obvious that our opponents regard any state of prosperity that is above or even a little below the subsistence level as inflation, and the only remedy they see, like the hon. member for Huron North (Mr. Deachman) is to lower wages and purchasing power until the sufferings and privations of the labourers would cause a scarcity of labour and eventually a rise in its price. We do not see it in that way. We do not believe that is a law: we think it is a rule.

Douglas has provided a very simple way to avoid inflation. He suggests that retail prices be lowered to the extent necessary to equate production and consumption, and that then the retailer be compensated by the treasury for the amount which he would thus be out of pocket. That would prevent inflation because it starts out with a reduction in prices. In other words, Douglas proposes that the people be enabled to buy their retail goods at the real cost of production instead of at their financial cost. We say, and we prove—I have not the time to do so tonight—that the price of goods produced is,

or ought to be, the cost of goods consumed; in other words, that consumption is the cost of production.

The just price, or the price discount, whichever you like to call it, is not a fixed price. It does not attempt to set a price. It allows prices to find their natural level through the free play of competition, but it does say that whatever the retailers find it necessary to charge for their goods in order to pay for their production and provide the retailer with a living, that level shall be reduced until the total prices in the country equal the total amount of purchasing power in the consumers' pockets. That credit would be created by the state—not by taxes, of course. I do not know why some people imagine and will insist that the only source of money which a government has is what it can borrow or what it can raise by taxation, and if we have done nothing else since we have been here, we have at all events persuaded the Minister of Finance to admit that banks can and do create money. And if banks can do it, I would like to be told why the state itself cannot do it. But apparently the inexorable law of economics in some miraculous way prevents it. The banks can do it, but the state cannot.

The easiest way to understand the subject is perhaps from a short illustration. Here I would like to read a statement that was handed to me by the Douglas Social Credit Bureau of Canada, headed Production and Consumption. They wish me to make this statement for them:

> In dealing with estimates or with actual figures of production and consumption, it is well to bear in mind that, for the most part, the statistics obtainable to-day are only approximately correct. They are sufficiently accurate, however, to permit definite conclusions to be reached.
>
> The dominion bureau of statistics gives actual production in Canada for the year 1935 as 2,554 million dollars and consumption as 2,036 million dollars, or eighty per cent of actual production. There is, however, a vast difference between actual production and potential production, for whereas consumption may be eighty per cent of actual production, it might be a mere fifteen or twenty per cent of the potential production attainable if our enormous plant operated at full capacity.
>
> The Rotary International social credit research committee—

The Rotary International set up a committee to inquire into social credit, and it brought in this report:

> The Rotary International social credit research committee in its report gave the following estimate:
>
> "The present potential output of industry is at least four times its actual output."

[Mr. Jaques.]

Thus we have a picture of consumption being eighty per cent of actual production and, in turn, actual production being twenty-five per cent of estimated potential production.

Further, the Dominion Bureau of Statistics gives actual production for the boom year of 1928 as 4,122 million dollars and consumption for the depression year of 1933 as 1,777 million dollars, or forty-three per cent of the "proved capacity to produce" attained in 1928, which in turn was less than the potential capacity to produce.

No physical deterioration had occurred between 1928 and 1933 and the capacity of Canadians to consume had not altered but a financial collapse had restricted purchasing power. This illustrates the vast difference between demand and effective demand. The desire for goods and services, which is demand, counts for little without the necessary purchasing power to make it effective demand.

Considerable effort has been made in some quarters to link rising prices or inflation with social credit, in effect confusing one of the injurious processes of the present financial system with its remedy. The Douglas price discount formula is a scientifically devised mechanism designed to act as a governor that will automatically prevent either inflation or deflation, maintaining a balance between supply on the one hand and effective demand on the other.

> The Douglas Social Credit Bureau of Canada, Inc.,
> Ralph L. Duclos,
> President.

Suppose we take the figures which are quoted here, that according to the bureau of statistics consumption this year equalled eighty per cent of actual production. I have said that retail prices would be reduced to the point where consumption and production would equate, and this would mean that we could reduce the prices of retail goods by twenty or twenty-five per cent. That is to say that an article retailing at a dollar could be sold to the public for seventy-five cents, and the retailer would then be compensated by the treasury for the amount he was out of pocket. In that way, whatever the people cared to produce they would be enabled to consume, and industry would become for the first time self-liquidating, so that it would be possible to continue without incurring debt—which is certainly impossible to-day. I might go into the details of how that is to be administered, but I do not think it is necessary. There is the principle; it is designed to prevent inflation by stopping it before it starts, because it acts by means of reducing prices, and you cannot have inflation unless prices increase.

Social credit is a great deal more than a system of economics; it is a philosophy of government and a philosophy of life. Douglas says:

> What are we trying to get? What are we aiming at? We are endeavouring to bring to birth a New Civilization. We are doing

something which really extends far beyond the confines of a change in the financial system. We are hoping, by various means, chiefly financial, to enable the community definitely to step out of one type of civilization into another type of civilization, and the first and basic requirement of that, as we see it, is absolute economic security.

Now, as to the social credit idea of government, we believe that it is the privilege of the people to demand what they want, to demand results, and it is the duty of their representatives to obtain those results for the people who elected them, not by turning themselves into amateur experts but by engaging the experts needed to do the technical work. I have heard that idea laughed at, but how else do we do a thing when we have to accomplish something really big? I was not a member of this house when war was declared; but I am certain that hon. members did not then rise in this chamber and express their ideas of inflation and deflation and advise how this, that, and the other thing should be done. They were not concerned with exactly how these things were to be done; what they said was, "They must be done," and they ordered those who were responsible to get them done, because they knew that if those objects were not achieved they would be answerable for their failure to the people. If that be true in time of war, why is it not true in time of peace? In war time anything physically possible becomes financially possible, but in peace time only what is financially desirable is permitted to become physically possible. As soon as we say that you could cure unemployment; that you could reduce the age for old age pensions to sixty or even fifty years and could pension the blind, the lame and the halt if you really wanted to do so, what do we hear? What have I heard repeatedly in this chamber? "Yes, of course it ought to be done, but where is the money coming from? We cannot afford it." I should like to see any hon. member, if war were declared next week, rise in the house and say, "We cannot go to war, Mr. Speaker, for where is the money to come from?"

Mr. MARTIN: How do you know that will not be done?

Mr. JAQUES: It never was done and never will be done. A few years ago the people of Great Britain were faced with the consequences of unemployment and other social problems which occasioned great suffering; but no matter what was proposed by way of remedy, whether the dole, or widows' pensions, or mothers' allowances, or any other social service, always the objection was raised, "Where is the money to come from?" When, however, it became evident to the real rulers of the nation that their own property and lives were in danger from enemy action, did anyone say, "How are we going to finance ten thousand million dollars to increase our defences?" I am not arguing against the expenditure of money upon defence. If you want to, you can spend up to the limit of your physical capacity to produce. What I do say, though, is that if money can be found for war it can be found for peace. If this house is a sovereign parliament, as it is said to be, the money can be found. Unfortunately the experts, who, of course, are the only people qualified to carry out policies, formulate the policies themselves. As Douglas says:

> The experts should be on tap, not on top.

But that is where they are, all over the world. The financial expert is not so much on tap as he is on top. As Mr. McKenna says, bankers control the policies of governments and hold the destiny of the people in the hollow of their hands. The proof of this is that Canada, along with all other countries, was able to finance a great war. Before the outbreak of that war it was said that such a thing was impossible because there was not enough money to finance it. But the war did not stop for lack of money. Nobody ever said, "You cannot put these men into the firing line; you cannot pay them a dollar a day; we have not the money." The money was found; if there was any idea worth while it was carried out without reference to the money cost. And all this was done without any degree of inflation worth mentioning. There was prosperity in spite of the fact that the cream of the nation was either in the firing line or in the munition factories producing, not goods and services which the people needed, but shot and shell. Yet I repeat that in spite of these vast numbers engaged in munition factories or serving in the trenches, the mass of the people lived better during the war than they have ever lived, before or since. And the reason, the only reason, is that finance was put to its proper use and the financier put in his proper place. We have heard it said that the war impoverished the world, but it did nothing of the kind, apart from the appalling loss of life. In any material sense the world was infinitely richer after the war than before. The productive capacity of all countries was enormously increased. But having won the war we had to lose the peace. The financier lost it. What else could he do? It is an inexorable law that financial control by the financiers is absolutely certain to bring

about the position we are in to-day of poverty and unemployment. It cannot do anything else; it is not meant to do anything else.

We believe that the people, and only the people, have the right to decide on policy. But the carrying out of that policy is the business of experts. Let me illustrate. Suppose a community wanted to build a bridge. They lived by a river and the only means they had of crossing was a ferry. As the population increased they found the ferry inconvenient so they began to consider the possibility of building a bridge.

Mr. SPEAKER: I am sorry to have to tell the hon. member that his time has expired.

Mr. JAQUES: Might I finish this illustration.

Some hon. MEMBERS: Go on.

Mr. JAQUES: A meeting would be called to discuss the question of building a bridge. Now that question of whether the bridge should be built is entirely for the public to decide. Having decided that, they would call an engineer to give an estimate of its cost. The engineer would say, "Well gentlemen, what kind of bridge do you want? Do you need a foot-bridge or a bridge for motor cars or one to carry street cars and a railway?" That question having been settled, the engineer would examine the site, prepare plans and present them to the people, probably with an estimate of the cost. They would decide whether they were willing to spend that sum and, if so, would instruct the engineer to go ahead and build the bridge. The actual design of the bridge they would leave to the engineer, as an expert; he would be responsible for the design of the structure. That is what we mean when we say the people settle the policy and the experts carry it out. That is the policy of the Alberta government at the present time. Those men were elected to obtain results. I know many of the members of the Alberta legislature myself, some of them intimately. They are not here to speak for themselves, so I want to say something in their defence. I can speak for myself and you can judge me as you please; I do not care what you think of me. But, knowing these men, I say that no people were ever represented by a finer, more honest and hard working lot of representatives than the present members of the legislature of Alberta.

Mr. E. G. HANSELL (Macleod): May I remind the house of the exact wording of the proposed amendment:

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

This house is of the opinion that for the effective removal of poverty from Canada this government has neglected and is now neglecting to use the resources of the dominion as adequately as the people of this country have a right to demand.

[Mr. Jaques.]

I read that because I am going to deal first with what the hon. member for Lethbridge (Mr. Blackmore) has said and then follow that by attempting to show that the Minister of Finance (Mr. Dunning) in his rebuttal did not attempt to refute the argument of the hon. member for Lethbridge. In fact one is tempted to think that the speech of the Minister of Finance was not prepared in any terms whatsoever as a rebuttal of the argument put forth in that debate. The Minister of Finance dealt a good deal with what the hon. member for Rosthern (Mr. Tucker) said a year ago and then launched into something of an attack upon the Douglas social credit philosophy.

The hon. member for Lethbridge dealt first with the question, What is money? He showed the difference between currency and credit, and used a term which, I think, was unique for this house at least, advocating "king-created" money. Of this the Minister of Finance made no particular mention. The hon. member for Lethbridge then dealt with the sources of money, and contended that money is in the last analysis created. I should like to amplify that a little. When one talks of money there seems to be some little misunderstanding regarding its source. In fact while the hon. member for Lethbridge was speaking along this line and attempting to show that there was only one source from which money should come, an hon. member on the other side said, "Why, you can earn it." This did not get into Hansard, but the remark was heard by myself.

I should like to point out that there is a difference between the source from which money comes and the avenue through which it comes. Some months ago I was having a bit of an argument with a gentleman, and I asked him where money came from anyway. He said, "Why, if I have a farm out here and grow a crop of wheat, the money comes from my wheat." I said, "Well, sir, you do not mean to tell me that money actually grows on your land?" "Yes, yes; of course it does. That is it." For the life of me I could not seem to drill into that gentleman's mind that there was a difference between his receiving money by means of the sale of a crop of wheat, and the source from which money originally came.

I believe a year or two ago the Minister of Labour (Mr. Rogers) raised the same question, and I know he is well informed upon this subject. At that time he suggested that all money comes through production. I think I am right in that reference, though I am trusting to my memory. It was either a year ago or two years ago. Of course the Minister of Labour was right in what he said; but I should like to point out to hon. members that if he had said that money comes from production he would have been wrong, and I think he is aware of that fact. In other words, that is a difference between money coming through the process of production and money originating with production. The hon. member for Lethbridge attempted to point this out. Money does not grow on trees. We do not dig it from the ground, and at its source we do not earn it. It is created by the banking system, and it gets out into circulation only by way of a primary loan. Whether or not all the hon. members are aware of this I do not know; but the result is that when loans are paid money is taken out of circulation, and I think it goes without saying that all the money which is in existence has a debt attached to it by reason of the fact that the only way it came into existence was through a primary or initial loan.

This argument the Minister of Finance neither confirmed nor denied. In the next place the hon. member for Lethbridge dealt with what gave money value. He said that in the first place it was confidence; that in the next place Canada was behind it as a nation, and that what gave value to money were the goods and services, the producing and consuming power of the nation. I think the minister would agree with that, although he did not touch it in his speech. The hon. member for Lethbridge then went on logically to discuss how much money Canada could have, and he showed that it all depends upon the use Canada can make of the money, that is upon the number of exchanges the people of Canada can be enabled to make. In this connection I am going to do some quoting, from Planned Money by Sir Basil Blackett, at pages 103 and 106. I hope my hon. friends opposite will not be too much discouraged when we give these quotations, though it is beginning to appear that citations from eminent authorities are a little bit annoying to them. This is the quotation:

> The purchasing power of the medium of circulation depends solely on the relation between the quantity in which it is available and the work which it is at any given moment called upon to perform.

A few pages later this quotation occurs:

> It is customary in most countries to place strict limits on the amount of notes which the central bank may issue. Such restrictions are usually bound up with laws and regulations regarding the amounts or proportions of the total issue which must be covered or backed by gold or particular kinds of securities, internal and external. There is no need for any such restrictions in the local currency system now under discussion—at any rate, in one which has no foreign contacts. The right amount of currency in circulation at any given moment is that amount which will do the work required of it at a given level of prices. If it is too much, prices will rise. If it is too little they will fall.

The next question my hon. friend asked was whether king-created money was sound. The Minister of Finance rather agreed with this, not in his speech but in some comments that he made at the time. Then my hon. friend went on to point out that the present financial set-up is such that for every dollar of gold which the Canadian banking system can create, eighty dollars of money—that is, four Bank of Canada bills and $76 in bank credit—can be issued. Here I should like to give a quotation from The Canadian Banking System, by Professor James Holladay, doctor of philosophy and professor of economics at the university of Alabama. This appears at page 140:

> The Bank Act of 1934, however, sets up a specific quantitative reserve which the chartered banks are required to hold against their deposit liabilities. In form, this reserve must consist of a deposit in and notes of the Bank of Canada. In amount, it must be equal to five per cent of the deposit liabilities in Canada. As a result, the chartered banks as a group can legally create deposits amounting to $20 on the basis of a one dollar reserve. A much larger secondary expansion is made possible, however, for the Bank of Canada is required to hold only a twenty-five per cent reserve against its liabilities, which in turn constitute the reserves of the chartered banks. Consequently, the Bank of Canada can expand a dollar into four dollars of liabilities which, if borrowed by the chartered banks, will enable them to lend an aggregate of $80 against a primary deposit of one dollar. This compares with a possible legal expansion of $28.50 under the federal reserve system in vogue in the United States.

Then the hon. member for Lethbridge went on to show the tremendous extent to which money can be created in Canada out of virtually nothing. We contend that what the system can do for the profit of the banking system, surely the government ought to be able to do for the profit of the people.

I shall not deal at length with the matter of inflation, because the hon. member for Acadia (Mr. Quelch) dealt with it this afternoon, and the hon. member for Wetaskiwin (Mr. Jaques) again this evening. I wish

to point out, however, that over and over again the hon. member for Lethbridge urged hon. members not to think of his suggestions as a conflagration, but suggested that we look at the matter as we would a fire in a kitchen stove which need not necessarily spread so as to cause great destruction. He used the illustration of the rain storm, and asked why it should be necessary to think of a great destructive thunder storm, bringing its floods and its destruction of life and property, rather than think of the shower of rain.

However, in spite of that the Minister of Finance entirely ignored the approach of the hon. member for Lethbridge, and immediately plunged into a discussion of the terrible conflagration which would have to be met if the proposals of the hon. member were carried out. Further reference was made to the German inflation. It is always the bogey man hon. members like to poke up when they speak in rebuttal on matters of inflation.

At this point may I read an interesting quotation from Paul Einzig. I refer to World Finance Since 1914, published in 1935, and particularly to page 67:

> These were the circumstances in which inflation attained extreme stages in Germany. There was the currency already weakened by inflation during the war. There was the exhausted state of the country; there was the defeat and revolution which reduced the capacity of the executive power to keep monetary developments under control; there was the necessity of replenishing food and raw material supplies by weakening the technical defences of the currency; there was the necessity of making huge reparation payments, with their effect upon the budget and exchange. There was the wholesale flight of capital from Germany; and lastly, there was the political and financial effect of the Ruhr occupation. Is it conceivable, we may well ask, that the effects of such a formidable series of adverse factors should repeat themselves in circumstances totally different from those prevailing in Germany during 1918 to 1923. To the minds of all but the fanatic deflationists, the answer must be emphatically in the negative.

Now, notice this:

> And yet time after time we are told that if France were to devalue the franc to the extent of twenty per cent, or if the British government were to continue its policy of cheap money, or if President Roosevelt were to spend a few milliards on public works—

May I pause there for a moment. Let us make no mistake about this matter of inflation. We are well aware of the fact that a milliard is a thousand million; and Professor Einzig is referring to the possibility of a few milliards being spent by President Roosevelt on public works. The quotation continues:

> —France, Great Britain and the United States would share the fate of post-war Germany.

[Mr. Hansell.]

And let us listen to this:

> The argument could be regarded as childish, if it were not so thoroughly dishonest.

The hon. member for Lethbridge continued by saying that, like the rest of the American continent, Canada can produce plenty for all her people. He showed that production is increasing at the rate of three per cent a year, compounded annually. He showed, further, that this was like a growing boy. He particularly pointed out that we need new money, as a growing boy needs new blood. Personally I thought this analogy a very good one; yet the Minister of Finance did not touch it when he replied. If the banking system creates the money—and it does—the banks get the profits. The nation gets the debt. Our contention is that the nation should create the money, get the profit and remove debt and poverty.

In the little time I have left to speak there are one or two matters with which I should like to deal. The hon. member for Lethbridge did not mention social credit as such. He was dealing with monetary matters, showing that we could use our resources in Canada to give a high standard of living to all our citizens. But when the Minister of Finance replied, in an attempt to explode this, he brought the philosophy of social credit into the picture. He brought in the A plus B theorem. That is something which hon. members in this corner of the house have not stressed in any particular way. But the Minister of Finance brings it in and attempts to show that there is a false premise.

I am wondering whether the Minister of Finance thought his speech had entirely exploded all Major Douglas had ever written or proposed in connection with his social credit doctrine. The hon. member for Lethbridge has claimed that the government has failed, and the Minister of Finance did not repudiate the suggestion.

I should like to say one or two words about the battle the Prime Minister (Mr. Mackenzie King) promised to carry on. I do not mind worrying our hon. friends opposite by continually reminding them of the battle that was supposed to be fought. I am still at a loss to know when it was fought. I am still at a loss to know who won the battle. I believe the people of the country might very well ask themselves that question. I should like now to read the observations of the Prime Minister in his speech on June 17, 1936. This is his quotation of what he had said on a former occasion:

> The Liberal party believes that credit is a public matter, not of interest to bankers only, but of direct concern to the average citizen.

I want to emphasize the fact that the Prime Minister brought the average citizen into the picture. He continues the quotation:

It stands for the immediate establishment of a properly constituted national central bank, to perform the functions of rediscount, and the control of currency issue, considered in terms of public need.

I would emphasize the expression, "considered in terms of public need." Let me pause for a moment to suggest that just as long as there is one poor man in the country, just so long has the government neglected to see to it that currency is issued in terms of public need. In this country the government has not seen to it that currency is issued in terms of public need. I quote a little further:

A central bank is necessary to determine the supply of currency in relation to the domestic, social and industrial requirements of the Canadian people.

Once again I suggest that so long as there is one poor home in the Dominion of Canada, the supply of currency has not been regulated in relation to the domestic and social requirements of the Canadian people. I shall not quote the Prime Minister any further. We all know, "Once a nation parts with the control of currency and credit," and "Usury once in control will wreck any nation." and so on. That quotation has been worn almost threadbare. I should like to quote from the Prime Minister just once more; in connection with the banking legislation he said:

There is the pledge which was given to the people of Canada over the radio by myself as the leader of the party. I say that every word and every line of that pledge is being literally and absolutely fulfilled in the legislation that is before us.

I leave it to hon. members to judge whether the government has done that since it gained the apparent control of the central bank. Let us refer again to this battle. I imagine that the very moment the governmnet commenced to wage this battle which the Canadian people expected them to wage, we would have had some degree of protest from the financial interests. But we did not hear any protest. It was as though they said, "That is fine; that suits us quite well." Let me quote from the Financial Post of March 26, 1936, just at the time when this banking legislation was being considered. They say:

With the announcement of the government's legislation to "nationalize" the Bank of Canada, all danger of any important change in the existing set-up of this institution evaporates.

Then I quote from the London news bureau dispatch to the Evening Citizen, dated March 23, 1936:

Bankers and financiers in London express no anxiety at Premier Mackenzie King's proposal for state control of Canada's new central bank.

"It should not be assumed," says the financial editor of the Times, expressing the opinion of 'The City,' to-day, "that government ownership either in Canada or New Zealand will bring about any change of real importance. It is probably true that in neither country has the government any intention of making any revolutionary change in banking or monetary policy."

The Times financial editor, however, sees danger if at a future date a political party—obviously the social credit party is meant—should obtain power to "pursue some dangerous monetary experiment."

They refer to the dangers to the city of London.

Mr. BLACKMORE: They knew the battle would start then.

Mr. HANSELL: The battle has commenced in Alberta.

Mr. BENNETT: With a heavy casualty list.

Mr. HANSELL: I can assure you that there are some casualties. You can depend upon it that there will be a protest when we begin the battle against the money powers.

The hon. member for Huron North (Mr. Deachman) referred to the province of Alberta. There is one thing we can say; we have attempted something out there and it is only because the financial interests have showed fight that we have been deterred in our progress. He referred also to our Cooperative Commonwealth Federation friends and asked what they would do if they were in power. Perhaps a fight would commence then. While I do not agree with everything that they propose, I am sure it must be a source of satisfaction to know that some of the things they advocated for many years, perhaps not as the cooperative federation but more as the Fabian or socialist philosophy, have since been adopted. We are initiating these things, and it would not be surprising to us to find in a few years that the government in power, even though it be a Liberal government, had adopted them.

I shall not take up any more of the valuable time of the house. I am going to vote for the amendment because I believe that this battle which was supposed to have been carried on, especially in its first reference, is simply an election blind. I want to see the time come when the government that sits in power to-day will actually do something to alleviate the conditions which now exist.

Mr. E. J. POOLE (Red Deer): Mr. Speaker, I am glad to have an opportunity once more to join my group in a vote of want of confidence in the government because I think their record is one of failure. I fail to find one

redeeming feature or one piece of legislation that they have brought down since they were elected in 1935 which has alleviated the distress of this country in any degree whatsoever. I noticed that when the Minister of Finance (Mr. Dunning) spoke the other day he skilfully switched the debate. I suppose he believes in that old tactic of offence being the better method of defence, and he endeavoured to place social credit on trial. But it must be obvious to the people of Canada that social credit has never had a trial. When we wanted to place it on trial in Alberta this government stepped in and did what the bankers could not do openly.

I was also struck with a note in the speech delivered by the Minister of National Defence (Mr. Mackenzie) in Edmonton. I fail to understand why the Liberal party should be so anxious to win this by-election as they have all the strength they need in this house to put through anything they desire. The issue in that by-election seems to be one of defence, but I cannot understand who has disagreed with the government on that question.

Mr. HEAPS: He promised them pensions at sixty years.

Mr. POOLE: The Liberal party promises anything to get in and does nothing when it succeeds.

Mr. FINN: How do they stay in?

Mr. POOLE: I want to show you, Mr. Speaker, the contradictions among the Liberals themselves. The Minister of National Defence, speaking at Vancouver in 1935, said: "If the Liberal party is elected to power we will issue $500,000,000 of new currency."

Some hon. MEMBERS: Oh, oh.

Mr. POOLE: Yes, and then speaking in Edmonton he said: "We believe there is a sufficiency of purchasing power, but it is maldistributed." Now which is right? The issue on every platform in that election was not national defence but monetary reform; but the Minister of National Defence skilfully endeavours now to befog the issue by raising the issue of defence, to get away from explaining the failure of this government to carry out the mandate which was given to it by the people. The Minister of National Defence has a seat in this house, and he has the opportunity to answer. I wish he would. I wish he and the others who spoke like him would speak as strenuously here as they did on the platform in 1935. There is a Liberal candidate now, true to form, promising pensions at fifty-eight years of age, but he will have to have a lot more influence with the Liberal party on the benches opposite to bring that about.

I think we were justified, Mr. Speaker, in moving a motion of want of confidence because I do not see how the people of Canada can have any real confidence in a government that has done nothing.

Miss MACPHAIL: They are good lookers.

Mr. POOLE: They are good bluffers. According to the Minister of National Defence, if they got into power they were going to issue new currency, have a public works program, and do away with relief; but lo and behold, three years later they have the nerve to stand on the platform in western Canada and tell the people that they had carried out to the letter the mandate which was given to them in 1935. I will say this for the Liberals sitting on the benches opposite, that they are showing very little spirit, certainly not the spirit of true Liberalism, to allow the people of Canada to be fooled as they are being fooled by this government at the present time. This age demands more than bluff; it demands action, and demands it now—not just before an election. We cannot continue with just promises. In other countries, the liberties of the people have been taken away. There is a cause for all these things, and the cause exists right here in this country, just as definitely as it did in Russia and in Germany. The reason why the liberties of those peoples have gone is because democratic governments failed to carry out their promises.

Unemployment is still rampant in Canada. There are still 900,000 of the youth of this country registered who cannot find a job.

Mr. ROGERS: Many of those are under the age of sixteen. My hon. friend is not giving the figures of the unemployed.

Mr. POOLE: I think the minister will agree that there are many unemployed who are not registered, farm boys, for example. The difference between economic conditions in this country now and prior to the election of this government is due to a speeding up in armaments, which has resulted in increased exports. But the proportion of unemployed, comparing our production and export of to-day with those of other years, is greater now than it was then.

The Minister of Finance, speaking in this debate, endeavoured to take us into the technicalities of economics, but the people are not interested in such technicalities. It is not the job or the duty of a democratic people to go into the intricacies and details of economics. The people of Canada have

given this government a mandate; they have told them just what they wanted; they have elected them to power and told them to do the job. Have they done it? That is the question.

Mr. McLEAN (Melfort): The same in Alberta.

Mr. POOLE: I shall deal with Alberta in a moment. Remember, Alberta did not have the power. Had Alberta had the power, it would have done it.

Mr. McLEAN (Melfort): What did you promise the people of Alberta?

Mr. POOLE: We promised to give the people of Alberta economic security, and had the Liberal party kept out; had they played the game; had they cooperated to bring prosperity to Alberta; had they, for example, set aside for a moment a clause in our constitution so that we could issue our own credit, then this would have been done. But whether Alberta won or not, there is no question at all as to the power this government has in this house, and what has it done? The Minister of Finance has told the house: "We have the instruments." In other words he says: There is nothing to stop us—only one thing. When the Minister of Finance told the house that this government had the power to control, I wondered who controlled him and his colleagues. That is the question which arises. I have heard time and again in the house such statements as: We have overproduction. And if you ask them the simple question, Why cannot the people get the goods if we have so many of them, they simply turn around and make some kind of statement which does not amount to anything. If, when they tell us we have not enough, they are asked to put the people to work to produce more, then they tell us that we have not any money. You may argue on the A plus B theorem and switch the debate to something irrelevant, but the best evidence on the A plus B theorem is the 900,000 unemployed in this country.

Mr. ROGERS: May I correct my hon. friend again? There are not 900,000 unemployed in this country. The actual number of employable unemployed receiving non-agricultural aid is not in excess of 150,000. He is including dependents under 16 years of age. They are not, strictly speaking, unemployed.

Mr. POOLE: If they are 16 they still have the right to a job and cannot get it. There are thousands on the farm who have not been registered.

Mr. MARTIN: You should be where they are, at school.

Mr. POOLE: I hope it would be a different school from where my hon. friend got his education. I should go to school? When the government here, responsible to the people of this country, does not know enough to distribute the goods we have the ability to produce.

Mr. McLEAN (Melfort): Who has the goods?

Mr. POOLE: You have the unemployed; is that not potential wealth? Let the hon. member get on his feet and answer the question. He asked me one.

Mr. McLEAN (Melfort): Why does the hon. member not answer it?

Mr. POOLE: The hon. member asked me where the goods were. I tell him, they are where the unemployed are. There is the machine.

Mr. McLEAN (Melfort): I asked the hon. member who has the goods.

Mr. POOLE: It makes no difference who has them. They are available for sale. That is the point, is it not?

Mr. McLEAN (Melfort): Well, will the hon. member's group confiscate them?

Mr. POOLE: Why split hairs? There is no need to confiscate. Give the people purchasing power. Is that not what we of the social credit movement advocate in the house? Give the people effective demand. I should like to ask members of the government, seeing they are of a different school of thought from my own, What is the purpose of the economic system? Is it not to produce in abundance? Is it not to distribute total production? Is it not to make life richer? What is it for if it is not for these purposes? And has not the government failed to bring about this happy condition, this "abundant life", as the president of the United States terms it? What have the government done? They have waited, of course, for some miracle to happen. They are waiting for an expansion of trade, hoping for that happy day when it will be proved that Mars is populated and that we can export to that planet. But it is too long to wait for that. Long before then the people of Canada will have passed into oblivion. We know where our market is.

Mr. McLEAN (Melfort): Why does Aberhart not pay out the money he promised?

Mr. POOLE: The money power is in the Dominion of Canada. Will the government hand over that power to us? All we want is a chance.

Mr. YOUNG: What power is my hon. friend referring to?

Mr. POOLE: The power to issue money, credit.

Mr. YOUNG: Is the hon. member referring to fountain pen money?

Mr. POOLE: Yes, "fountain pen money," that which is loaned by the banks, that which is responsible for the fixed charges and the uncontrollable expenditures in every province. In almost every province of Canada the fixed charges amount to over fifty-one per cent of the total income. That condition was brought about through "pen and ink" money. That is how we became indebted. The banks can issue money. Surely the people of Canada can use the sovereign power which belongs to them to issue it in terms of public need. What was the Prime Minister (Mr. Mackenzie King) going to use when he mentioned "money" in 1935? What kind of money did he intend to use?

Mr. DONNELLY: Why do hon. gentlemen not start their own bank in Alberta?

Mr. POOLE: We want the right to create money.

Mr. DONNELLY: Let them start their own bank and make their own money.

Mr. POOLE: We may start a citizens' bank, but not a government bank.

Mr. DONNELLY: We will give the hon. member's party a charter.

Mr. POOLE: We may take the hon. member up on that.

Mr. DONNELLY: Well, we will.

An hon. MEMBER: It would be only another bank.

Mr. POOLE: If you give us a charter we want to make our own terms of operation.

Some hon. MEMBERS: Oh, oh.

Mr. SPEAKER: Order.

Mr. POOLE: Not your terms. The platform upon which this group was elected was one of monetary reform. The platform upon which the Liberal party was elected was that of monetary reform; yet now we find the Liberal party in power denying the right to a province to carry on the mandate which they themselves told the people of Canada they believed in. It reminds me of how Liberals in Alberta appeal to the people. They have two catch phrases: One. "Down with Aberhart"; the other one, "Put good, sound business men in government." Turn for a moment to the history of "business" administration in Alberta, Saskatchewan and British Columbia. Taking first our own province, lo and behold we find that the government debt alone of Alberta amounts to $168,000,000, which debt was created by these same "sound" business men. We turn to Saskatchewan and find the same condition. It was not Aberhart, but these sound business men, who were responsible for that; and now they expect the people to be so stupid as to believe that this sound business policy of sound business men is all that is needed. They should have learned by this time that there is a big difference between private business and public business. When industry wants to reduce its expenditures because it is selling a smaller volume of goods, it fires its employees and assumes no further responsibility for them. But a government cannot do that. When these people pour out of the back door of industry they come to the front door of government. That is the important difference.

So the western country is insolvent, and, according to the brief submitted by Saskatchewan to the Rowell commission, the indebtedness per acre is greater than the value of the land itself. We find the debts of the municipalities pyramiding year after year. We find the debts of the provinces increasing. Yet when someone in this corner of the house mentions monetary reform, the issue of money in terms of public need, he is held up to ridicule. Well, I believe that the times and the circumstances of the times are with us. The Liberal party may win a few more by-elections; no doubt it may and it will express many platitudes and much sympathy for the people of Canada. But winning by-elections and singing sweet praises of "our industrious people" are not enough. The day is past for that kind of thing. What the people want is action. They do not want platitudes; they demand economic planning. The youth of this country are asking for a chance; they want life and opportunity. If they do not get these in a few years from now they will not ask this parliament any more; they will do as they have done in Germany; they will throw our opponents out where they should go if they do not get on with the job. These are the facts.

Some hon. MEMBERS: Oh, oh.

Mr. POOLE: It is all right to laugh.

An hon. MEMBER: The hon. member ought to know.

Mr. POOLE: It is too serious a matter to laugh about. I shall express my feelings plainly: it is all very well for hon. members who are getting four, six and ten thousand dollars a year to smile and giggle; but two or three hundred yards from this building they will find, in the homes of the poor, young men deteriorating while the Liberal government goes on. It is no laughing matter. Hon. members should be ashamed of themselves. An attitude of levity is not the proper attitude for parliamentarians to take. I hope a certain hon. member will groan to an entirely different purpose before very long; and when the Minister of Finance goes out to Edmonton, as I trust he will, let him tell the people there all that this Liberal government has not done.

The world to-day is a small world; people everywhere are turning their minds to the question of money. They recognize that it is the key position to the solution of many of our social evils. They know, as indeed any boy in kindergarten knows, that if a nation can produce plenty there should not be starvation. I wonder if they taught that in the Liberal school. Even an ass when he is hungry will not pass a pile of hay without taking a nibble; but human beings are deprived of that privilege; if they go into a restaurant and get a meal for which they have not the means of payment they are put in gaol and termed communists or classed with disreputable people. But when war comes, that evens everything up. The thin shoulders of the poor snap back; they are the first to have a uniform; then they get a dollar ten a day and are treated as Canadians, taking their place in Canadian society.

An hon. MEMBER: That is true. It is a true picture.

Mr. POOLE: It is a true picture, and hon. members cannot laugh it out of existence. These are some of the A plus B theorems as I know them. To-day all the people of the British Commonwealth of Nations are turning their attention to this thing called money. They want to know the nature of it. History tells us that in the past most parliamentarians knew nothing of money, and the situation has not changed much since. Listen to men who have passed on, men who made great contributions to their country. For instance Thomas Jefferson said:

> I believe that banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a monied aristocracy that has set the government at defiance. The issuing power should be taken from the banks and restored to the people to whom it properly belongs.

F. G. Bonfils, former owner and editor of the Denver Post, said:

> All gold produced in the world in 428 years would make a block thirty-eight feet square. Nearly two billion people are tied by the leg to this golden fetish.

Mr. S. P. Chase, secretary of the treasury from 1861 to 1864, chief justice of the United States supreme court from 1864 to 1873, said:

> My agency in promoting the passage of the National Bank Act was the greatest financial mistake of my life. It has built up a monopoly which affects every interest in the country. It should be repealed; but before that can be accomplished the people will be arrayed on one side and the banks on the other, in a contest such as we have never seen before in this country.

Now let us review for a moment the latest campaign in the United States when seventy-five per cent of the press was against President Roosevelt because his battle was against money, a battle for the liberties of the people. With whom do we find the press aligning itself? Exactly the same thing happened in this country with social credit in Alberta. People who fight against the money power can expect no mercy and no justice from the press. I am glad to see that some men in the Canadian parliament have seen the difficulty which faces us. For instance, the right hon. leader of the opposition (Mr. Bennett) said:

> Canada on the dole is like a young and vigorous man in the poorhouse. The dole is a condemnation, final and complete, of our economic system. If we cannot abolish the dole we should abolish the system.

With that I agree. Men are not made for systems; systems should be made for men to use. That, I contend, is the duty of this government. The time for apathy, for political manoeuvring and bickering in this Canadian parliament should be past. An engineering problem confronts us. It makes no difference where the suggestion comes from, or from what party, we should all be associated together in grappling with this problem. I turn to the ministerial benches; I ask the Minister of Labour (Mr. Rogers) this question, Have you any solution within the framework of the present monetary system to provide employment for the unemployed in this country?

Mr. HANSELL: He will have to say no.

Mr. POOLE: Without causing inflation? I turn to the Minister of Transport (Mr. Howe) and ask him, Have you any method of dealing with the railway deficits under the present system? I turn to the Minister of National Defence (Mr. Mackenzie) and ask him, Can you give the ex-service men of this country an

adequate standard of living commensurate with the services they rendered to this country and the productive capacity of the country? And they answer, We have no money. We find that money is the root of the whole thing. Splitting hairs over irrelevant matters will not bring us one step nearer the goal. It has been said by the leader of our group that we are not a political party; that we are an economic group. We believe that the duty of parliament is to call in experts to carry out the mandate given by the people. Parliament should place upon the statute books the necessary legislation to carry out the mandate of the people. It is from the people of Canada from the Atlantic to the Pacific that we get our power; it is their wishes that we come here to fulfil, not some pet theory of the Minister of Finance.

Many people are taking an interest in monetary reform. Let us turn for a moment to the church; let me quote from a letter from the Very Rev. Paul Stacey, of Coventry, England:

> In the past they have endeavoured to link the need for monetary reform with an understanding of Christian values, and to obtain united Christian support. This policy has caused many misunderstandings, but it is now generally realized that we have been working along the right lines.

Commenting on a statement issued by various churches concerning the need of monetary reform, a United Christian petition campaign is being started, and a petition to parliament prepared, similar to the petition to the king in council, to be used simultaneously in England and the dominions. The object of the parliamentary petition is to enable the dominions to bring pressure to bear upon their parliaments while cooperating in the empire petition to the king, and to enable Christian people in other countries to join in the united action by petitioning their legislative bodies and arousing public opinion. The relation between the monetary reformer and the Christian petition movement is obvious. The petition is an instrument for mobilizing public support which will enable the new economies to be given a fair trial. The statement of the various churches referred to maintains that:

> The notion that our souls may find salvation whilst we are indifferent to the needs of our brethen whose souls are warped through living under evil social conditions, or, on the other hand, through amassing great wealth by methods injurious to their fellow men—a condition contrary to Christian teaching and to common sense.
>
> Widespread poverty in an age of abundance, and the inability of great nations to find employment for hundreds of thousands of their citizens—except when they are preparing for war—are the major symptoms of the general disorder.
>
> One of the primary functions of the state is to safeguard and foster the material and spiritual wellbeing of the individual and the home. As long as the state fulfils this function it is entitled to respect and has a rightful claim on our loyal allegiance.
>
> The church must reject financial dictatorship, because it treats man as a machine, whereas in fact he is a child of God.

Under the leadership of the Pope and the Archbishop of York respectively, a group of leading men in both churches have declared that we must work to suppress the private monopoly of credit. And both are explicit as to the means and objective.

I could read dozens of quotations from prominent church people. When I spoke last in this house I challenged the ministers of the crown for just one hour in their busy lives to put aside their parliamentary duties and go and see how the other half lives. Go down to the soup kitchens; see these men shovelling snow for relief. The press accuses them of cheating and chiselling. It is a crime the way we are making cheats and chisellers of the poor. We make them sign an affidavit that they have not earned $2 outside their relief. A man has to choose between swearing a false affidavit or buying a child a pair of shoes, and like a Christian he swears the false affidavit and buys the shoes. I could go on and on, but I wonder whether anyone will ever rise in this house and make an impression upon the government as to what faces them. I wish hon. members would lose their incomes for a while; I wish they were cast adrift like thousands of Canadians; then they would get a more complete education in six weeks than they have had in the last twenty years.

The Minister of Finance, again speaking in Edmonton, told Alberta that if it voted against the Liberal party it would be a clear indication that it wanted to remain away from the other provinces. Well, just a moment; since when was there such unity among the Liberal governments of Canada? We find a motion introduced in the Manitoba legislature by Mr. Turnbull calling upon this government to bring about monetary reform, and that resolution was adopted. We find some disagreement between Mr. Duplessis and this government; we find some disagreement between Mr. Hepburn and this government, and I have a suspicion that even the members of the party in this house do not all agree.

Now, Mr. Speaker, in conclusion I should like to say a few words about western Canada.

Some hon. MEMBERS: Hear, hear.

Mr. POOLE: Oh, I know my hon. friends would like me to finish, but they will hear

plenty more along the same line in this house; no matter whether they like it or not, they will hear it anyway. I came here to represent the people of the west, not to represent the opinion of one little party and just be a good fellow. I want to say a few words about western Canada. It is history that we have continually made attempts to convince this government that they have a responsibility with regard to relief payments on the part of the cities and municipalities. So far we have been unable to convince them of the need of centralizing this responsibility. Again, we have asked them time and again to relieve us of this burden of debt which is crushing the western provinces, and time and again in this house the west has been referred to as the pampered child of the east. The truth is that even in depression years the four western provinces annually buy between three and four hundred million dollars worth of goods from the east. The same goods might be purchased for twenty-five to fifty per cent less if tariffs were abolished. In other words, the western provinces have paid to eastern manufacturers tribute amounting to a hundred million dollars a year, even in depression years.

I should like to see a new set-up in Canada. I think the interests of east and west conflict too much. If this government finds that it cannot do anything for the west, then I would respectfully suggest that it leave the west to its own fate. Certainly we will never be any worse off. For instance, the four western provinces might well be given the power to create and regulate their own tariffs, and to operate their own money machine. We would be prepared still to remain part of Canada, still to come under the same administration of justice, still to take the same interest and the same responsibility with regard to defence, and the same responsibility with regard to postal and railway deficits and the national debt. But if you cannot find a solution, do not remain in the way of men who are doing their best. Step out of the field. Leave it to the west to solve its own problems. Give us our own financial autonomy. That is what we ask, and that is what will come unless we have a new deal for western Canada.

So, Mr. Speaker, I close with this one thought in mind. I believe that we are at the crossroads of our national destiny. I would suggest to some of the Quebec members, some of the eastern Liberal members, that they take a tour through the west and find out what our people are thinking and how they are living. Even their courage, great as it is, cannot forever keep their heads above the river of debt. I am pleading now that the young men of this country be given a break. If they all feel as I do they are extremely tired of the slowness with which you move. We are tired of your apathy. We want action. These conditions confront us now; we must have action now, not to-morrow. So I would suggest that when the Liberals next get together in caucus they should show a little pioneering spirit. Do not be dictated to from the top down. Remember, your people sent you here; the youth of this country rely upon you, and platitudes will not solve our problems. They are real, even though the A plus B theorem may be wrong.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, the reply of the Minister of Finance (Mr. Dunning) the other evening indicated that he had to rely on the advice of his technical advisers with respect to the highly complex monetary questions with which he was dealing. It was painfully apparent that he was reading an essay prepared by his technical officers, and he stayed very closely with the text. The occasional annotations, if I might use that word, are some of the matters to which I should like to direct attention.

At the same time I think it is a very bad practice for this house to follow the procedure of the congress of the United States and extend remarks on to the record in the form of written essays, as they do in the Congressional Record there. I recall securing one of Henry George's books in that way, as an extension of a speech that a member delivered in congress. The essay of the minister, delightful as it was, in my judgment added very little to the matters that were under discussion. But the annotations of the minister were interesting.

It might be well to remember that the central bank act was passed in 1934 by the late administration, and that the passage of that bill was very strongly opposed by the chartered banks. It is true that the Liberal party had intimated that they would pass such an act if they came into office; but having regard to the statement made by the Prime Minister (Mr. Mackenzie King) that the most important matter which would engage the attention of this parliament was the battle with the money power, and having regard to the lack of any sign of battle with the money power since they came into office, it might be well to ask ourselves if we would ever have had a central bank in this country if the Liberal party had not found the legislation on the statute books when they came into office. The general consensus of opinion is that there never would have been

central bank legislation passed by a Liberal government, having regard to the manner in which they have kept their promise to do battle with the money power.

Now, Mr. Speaker, I direct attention to the fact that this act was placed on the statute books by the late administration. The second point to which I direct attention is that when the present government came into office in October, 1935, it found in operation the central bank. The bank had been organized, the directors elected, the governor and deputy governor appointed, and provision made for taking over the offices of the receiver general in the several provinces, except in British Columbia, where a branch of the Bank of Canada was organized in the city of Vancouver. I point that out, because it is important in the light of what has been said on several occasions to-day and on Tuesday last.

The bank was in operation, and this government came into office and found it in operation. In addition to that it has been said that this was a private bank. I should like to deal with that for a moment. When the bill was introduced I went down to the banking and commerce committee and explained to them the reasons why the bill provided for a private bank. At the same time I made it quite clear that, so far as the then government was concerned, it was quite content that the bank should be wholly owned by the people—a state owned bank. But the reasons I gave them were reasons that so impressed my mind at the time as to induce me to change my original conception of the bank.

When we determined to organize a central bank we intended, as I pointed out to the committee, to organize it as a publicly owned institution. But so strong did the pressure of patronage become before the bank had assumed form and before the statute was passed, and so many were the clamorous demands upon the various members of the house and upon the government to find positions for innumerable people, that we reluctantly provided that this should be a privately owned institution. If hon. members will turn up the records or minutes of evidence of that committee they will find that I told the committee there were four considerations which apparently governed men's minds with respect to appointments to positions in the Bank of Canada. One was the place where the man lived; the second was his religion; the third was his race, and the last was his fitness.

That is exactly the position, and I told the committee, as I tell this house to-night, that I did not think we could have successfully organized that bank had we not taken the steps we did to try at least to keep it out of the slough of patronage into which it threatened to fall.

I said in the house, and I repeat, that the government was quite content, once the bank was organized, to make it into a publicly owned institution. I stated that frequently during the campaign of 1935, and I say it to-night. I say again that I think the manner in which this government dealt with the matter was extremely inept. They should have done as was done in New Zealand, namely taken over the private holdings, by expropriation, if necessary. There was no difficulty in doing so. The shares had a par value of $50, and they were selling at a premium. In New Zealand they took over a privately owned institution, or that portion of it which was privately owned, and that was the end of the matter.

The government have not accomplished the public ownership of this bank. They still leave it half public and half private, except that a trifling amount more than half rests with the government, which of course gives them control in voting power, and the selection of directors. But it does not place this bank in the category of a publicly owned institution—and this could have been simply accomplished. But it did more; it raised the capital to $10,100,000 and this bank, as everybody knows, has no use for that extra $5,000,000. That was just $5,000,000 upon which four and a half per cent is being paid to the country. The use to which this is put, may I point out, was first of all for bank premises. That is to be seen in the last report, and now the amount is on the way up to $2,000,000. The other was an item, to which I may have to refer, as indicating a loan for a purchase, shall I say, made by the Bank of Canada, of securities which never should have been acquired.

That is the position with respect to the matter when the late government went out of office and this government succeeded. They kept a promise by increasing the bank's capital to $10,100,000, and they left the margin of $100,000 more than half as an amount sufficient to create a majority of shares in the part held by the government.

But they have not changed the essential character of the bank. If the house is interested and will look at section 13 of the Bank of Canada Act, it will find these words:

13. (1) There shall be an executive committee of the board, consisting of the governor, the deputy governor and one director selected by the board.

Then there is provision for a deputy minister to be a member of the executive committee, but without vote. Now, it will be observed:

(3) The executive committee shall be competent to deal with any matter within the competence of the board but every decision of the committee shall be submitted to the board at its next meeting.

The rate of discount and rediscount is settled by the executive when the board is not in session. Minutes are to be kept, and all actions must be concurred in by the governor or deputy governor before any resolution arrived at by the executive can be validly effective.

Bear in mind that that section has not been amended; it has not been varied. It is the section which governs and controls the operation of the bank; and that section confers upon the governor, the deputy governor, and that member of the board of directors selected by the directors, designated as the executive committee, powers completely to control the organization in the absence of action being taken by the board, which of course means but seldom, and results in the whole conduct of business being carried on by the executive committee.

Then there came in connection with this bank a further matter to which I think the observations of the minister necessitate my directing attention, and that is this: We provided for a twenty-five per cent gold coverage, and we also provided by the statute that the bank might, in addition, hold certain other forms of security. That is, it might hold securities of gold countries, exchange with the United States and the United Kingdom, balances at the Bank of England, balances in the Bank of International Settlements, and such other investments and securities as may be designated and regarded as the equivalent of gold.

That, of course, had the effect of broadening the provisions of the Dominion Notes Act. It will be recalled that the Dominion Notes Act, under which dominion notes were issued, provided for a coverage of gold to the extent of twenty-five per cent up to $120,000,000. It had originally been less than $50,000,000; then it was increased to $50,000,000, and then to $120,000,000. After that it was to be dollar for dollar. But in the Bank of Canada Act we altered that and provided that metallic coverage should be twenty-five per cent, without limit. The gold to be held by the bank was not only twenty-five per cent of its note issue but also twenty-five per cent reserve of its deposits. Those are the provisions, roughly, of the statute in that regard.

From time to time some of our friends wonder what value metallic coverage has, and why we should talk in terms of gold coverage at all. Some people assume that this country went off the gold standard in 1931 or 1932. As a matter of fact the Dominion of Canada was off the gold standard when the late Mr. Robb shipped $40,000,000 in gold to New York to meet obligations there. I did not intend to speak to-night believing that the Minister of Finance might return before I had time to say what I have said, but I remember distinctly the circumstances under which that $40,000,000 in gold was shipped out of this country to meet maturing obligations in New York. It was wrong to have done this and the effect of it was to throw us off the gold standard, having regard to the then provisions of our statute dealing with the issue of dominion notes.

I can recall—I can say this now—telling our hon. friends in caucus in 1930 that this country was in a rather difficult position and that we should not make any reference in the house to the facts to which I have alluded. Shortly after that the present Minister of Finance, who became Minister of Finance, having succeeded the late Mr. Robb, was confronted with just exactly what the caucus had been advised would happen. An enterprising man in New York acquired half a million dollars worth of Canadian bank notes. He proceeded to Montreal and converted them into legal tender at the chartered banks, into Dominion of Canada notes. He thereupon went to the receiver general's office, or had his agent proceed there, and demanded gold. To have parted with that amount of gold at that time would have been highly inadvisable and inconvenient and the Minister of Finance made the necessary arrangements to meet the situation.

The basis of a country being on the gold standard is the interchangeability of its currency with gold. Those of us who recall going to the old country for the first time will remember that Bank of England notes were being converted into sovereigns, half sovereigns and silver currency. When a country can no longer interchange its paper for gold, it is no longer upon the gold standard. That interchangeability must be absolutely unlimited or you are off the standard. This country is off the standard to-day, and it must be a matter of amazement to some of our friends when they take a bill out of their pocket and see it stated thereon that the Bank of Canada will pay on demand ten dollars. What does that mean? You walk

into the Bank of Canada with a ten dollar bill and you get two fives, five twos or ten ones, all in paper.

I pointed out last year that Australia, realizing this, had passed a statute by which the form of their bills or currency was changed entirely. Their bill states that it is a certificate; that it is legal tender for the payment of obligations, which of course is the proper method to pursue. As it stands now, Bank of Canada notes are legal tender, but Bank of Canada notes are interchangeable only for Bank of Canada notes. When you go to the bank you do not get metal as you would in a gold standard country, whether it be small or great; you get other pieces of paper issued by the same bank aggregating in the pieces the amount of that which you had presented to the bank for payment.

Perhaps this leaves a wrong impression on the minds of some people who secure our currency. The value of the gold standard, to which reference was made by the minister the other evening, divides itself into three. First of all, there is the old, traditional and historic value that attaches to it. It is not my purpose to-night to discuss how that grew up. The bankers in London were the originators of it, and it was because of the great commercial and financial power of England that they were able to impress that view upon all the nations of the world. It will be recalled that Germany did not adopt it until she had received the indemnity from France. That is the traditional and historic side.

Then you have the fact that gold has always occupied a peculiar position in the economy of the world. There is in the library a book dealing with this that makes strange reading. We little realize the extent to which that value attaches to gold as compared with the value attaching to any other metal. That aspect of the matter is important. Then there is the use of gold for the settlement of international balances. If this country in its trading account shows that it has imported more than it has exported, obviously it must settle its obligation with something which will be accepted by the country that we owe as being of value in the terms in which they have made their arrangements or contracts with us.

Of course that is the reason why the world is so disturbed at the moment. There is no longer a gold standard prevailing among all the nations of the world, and the settlement of accounts between nations becomes increasingly difficult because of the inability to secure the gold with which to make settlement. I think that is well known. I shall give an illustration. When Russia needed gold with which to buy machinery for the purpose of entering upon industrial activities, she had to sell anything she could at a cheap price in order to secure the gold. That is why she sold wheat at sixty cents a bushel; that is why she sold various other commodities cheaply enough to secure the gold to enable her to make payment for machinery and her other necessary industrial requirements. But to-day Russia is the second gold producing country in the world and this year she may possibly reach first place. The result is that she no longer has to sell commodities at any price she can get for the purpose of obtaining gold. She has gold in very large quantities and, as I say, may become the first gold producing country in the world.

[Mr. Bennett.]

There is a matter arising out of this bank act of ours. Having dealt for a moment with the gold side of it, I should like to point out that we provide in our original act that a return shall be made by the bank every week. If any hon. gentleman will be good enough to look up section 33 of the Bank of Canada Act he will find these words:

> (1) The bank shall as soon as practicable after the close of business on Wednesday of each week, make up and transmit to the minister in the form of schedule C to this act a statement of its assets and liabilities as at the close of business on that day.
>
> (2) A copy of every such statement shall be published in the next succeeding issue of the Canada Gazette.
>
> (3) The bank shall also as soon as practicable after the close of business on Wednesday of each week, make up and transmit to the minister a statement of the amount of its notes in circulation on each business day during the preceding seven day period.

Then there is provision for a monthly statement of assets and liabilities. Then subsection 6 reads:

> The governor in council may from time to time, as he deems necessary, amend the form of schedule C to this act.

That form, schedule C, is the form which was adopted for the purpose of enabling the public to have complete knowledge of what the bank had been doing during the week or month, as the case might be. I hold in my hand a return made by the bank, being a statement of assets and liabilities as of October 23, 1935, that being as close as I could possibly get to the date on which the government assumed office. Bear in mind that that return is in the form provided by the statute. Let us look at the information which it gives. Under "assets" we find:

1. Reserve:
   Gold coin and bullion.
   Silver bullion.
   Reserve in sterling funds.
   Reserve in U.S.A. funds.
   Reserve in funds of other countries on a gold standard.
   Total
2. Subsidiary coin.
3. Bills discounted:
   (a) Commercial bills.
   (b) Agricultural bills, etc.
   (c) Dominion government treasury bills.
   (d) Provincial government treasury bills.
   Total
4. Advances to:
   (a) Dominion government.
   (b) Provincial governments.
   (c) Chartered banks.
   Total
5. Bills bought in open market not including treasury bills.
6. Investments:
   (a) Dominion government short term securities.
   (b) Provincial government short tem securities.
   (c) Other dominion government securities.
   (d) Other provincial government securities.
   (e) United Kingdom, other British dominions or U.S.A. securities of a maturity exceeding three months.
   Total
7. Bank premises.
8. All other assets.
   Total

That detail was included in form C of the act passed in 1934, and it gave the casual reader as well as the banker complete knowledge of the operations of the bank. It indicated what loans had been made to this dominion and what loans had been made to the provinces; for you will remember, Mr. Speaker, that difficulties arose because two or three of the provinces charged that the Bank of Canada had not been giving them the accommodation to which they claimed they were entitled.

With respect to short term loans, it will be recalled that at the last annual meeting the governor of the Bank of Canada indicated to the Canadian people that mostly they were dominion government treasury bills. He indicated also that the $86,000,000 included in the accounts were largely dominion government treasury bills.

The first sale of treasury bills in this country was brought about by the late administration. It was said to us that we were not able to make a market for treasury bills in Canada. We questioned that, and we began to make sales of treasury bills. It was extremely difficult at first, but as days went by treasury bills—it will be realized they are for not more than three months—became more and more negotiated. I recall that the president of Barclays Bank, Mr. Goodenough, when he came over from London, told his bank here to take a substantial holding of treasury bills, and despite the fact that the Canadian bankers told me—I was Minister of Finance at the time—that we would not be able to establish a market for treasury bills, the fact remains that to-day we have $150,000,000 of treasury bills outstanding. That form of security has come about by reason of what was done by the late administration. And all that the present government did was to succeed to that practice. It was a small issue of treasury bills in the first instance, but it has gradually increased until to-day this country is borrowing $150,000,000 on its treasury bills. The governor of the bank a few days ago pointed out at the annual meeting that when you see in the return, as you do, short term securities, it has reference largely to treasury bills, and he gave the average holding of treasury bills by the bank during the year. He indicated also that the major part of the $86,000,000 was treasury bills of this dominion.

But mark you, in form C there was a provision, as it was originally framed, indicating what were provincial short term securities and indicating also the advances made to provincial governments. But, Mr. Speaker, you cannot get that information now. This government altered that form which had been provided under the statute. It had the power under the clause I have read, subsection 6 of section 33, to alter that form, and it did so, and I am presently going to point out why. See what the result was. I hold in my hand now a report of the Bank of Canada for the second day of March, 1938, and let us look at the change in the form:

Assets:

1. Reserve:
   Gold coin and bullion.
   Silver bullion.
   Sterling and U.S.A. dollars.

Sterling and U.S.A. dollars, not separated, but linked together, by reason of an order in council passed by this government. It will be recalled that the reason why form C originally separated these two items was that the bankers of this country said that in the ultimate analysis you are trusting to a governor and his executive committee as to the extent to which they will buy either sterling exchange or United States exchange. And he said: Our deposits are there. That is the reason why this Dominion of Canada gives its guarantee with respect to these deposits.

It is important to the bankers and to the public of this country that it should be known how much the Bank of Canada holds in value of sterling securities, on the one hand, and of United States exchange on the other, so that the banks may know as they read that return how the moneys of the Bank of Canada are being placed for the purpose of conversion into gold if the occasion should arise or the necessity should demand. Let us see what follows. I am quoting from the same report of the Bank of Canada, March 2, 1938:

Other currencies, of countries on a gold standard.
2. Subsidiary coin.
3. Bills discounted.

Now in the original form C, under bills discounted, we had no fewer than four divisions: commercial bills, agricultural bills, dominion government treasury bills, and provincial government treasury bills. All that has been wiped out. That information is no longer available. It is true, though—and I think one should say this—that the Bank of Canada has not rediscounted any bills to any extent during its existence, and I am going to point that out as being an exceedingly interesting fact, a most significant fact to every man in this chamber who is concerned about the question of currency. One of the great purposes for which a central bank comes into being is to afford an opportunity for rediscounting the banks' paper. That is, it contemplates such a move in business, such activity commercially, that money may be required to enable the banks to function with their customers, and to do that successfully they will rediscount their paper. Provision was made also for the kind of paper that might be rediscounted—commercial bills, agricultural bills, dominion government treasury bills and provincial government treasury bills. That wording has been changed under the order in council, and the wording now is merely: "Bills discounted." Then we come to No. 4:

4. Advances to:
(a) Dominion government.
(b) Provincial governments.
(c) Chartered and savings banks.

The word, "savings" has been added. Then you come to what were called open market operations by the Minister of Finance the other evening, namely, the purchase of bills in the open market, not including, of course, treasury bills. The growth of the bill market is one of the most interesting stories connected with the history of banking in England. The story of Lombard street is the story of the purchase and sale of bills.

[Mr. Bennett.]

Let me give an illustration. The great firm of Morgan's have a branch office in London, and they agree, we will say, to finance the operations of the International Harvester. The International Harvester will draw a bill on Morgan's; they will accept it. Then that bill will be sold openly on the bill market from time to time, and it is bought for the chartered banks, and in turn very often finds its resting place before it matures in the Bank of England. The bill market is the great method by which England carries on her commercial and financial operations.

A better illustration perhaps is that of one of our own banks down, say, in Buenos Aires. It makes a draft, with the insurance policy and bill of lading attached, on a cargo that leaves Buenos Aires for London. The draft is drawn upon the bank in London. The bank accepts it. Then the owners of it go out and sell it on the open market, the bill market. We have not developed that in this country, or in America; but in the old land it is the standard method of doing business, and the provision in our form C was to provide for bills bought in the open market. I only wish there were a demand for the purchase of bills here in the open market; that may come in time.

This comes through the matter to which I wish to direct particular attention—6. Investments. Bear in mind that the original form provided for five details being furnished, namely dominion government, provincial government, other dominion government than short term, other provincial than short term, and United Kingdom, other than British dominions or United States of America with maturity exceeding three months. How does it read now? What has been done with it by order in council, by this government that talked about orders in council? No matter. The Minister of National Defence (Mr. Mackenzie) smiles. It must make him think of days long since past. By an order in council they have now provided that instead of these details are the following:

(a) Dominion and provincial government short term securities.
(b) Other dominion and provincial government securities.
(c) Other securities.

There is no separation between the dominion and the provinces, no method by which one can ascertain the extent to which the bank holds securities of each of the several provinces or holds securities of the provinces as a whole. What is the reason for this? I fancy that every member of the government knows the reason. Perish the thought that there could be anything of this sort in a Liberal administration, anything where every member did not

know everything about the transaction of business! Be that as it may, what are the facts? The facts are that Ontario was refused accommodation—that was known in the public press—and the premier of that province made fairly strong statements about it. But one province which I cannot mention to-night, the minister not being here, managed to get three million dollars from the Bank of Canada. Of course the money had to be paid in three months. It could not be paid, and there was only one way by which the bank could continue to hold it, namely, by converting it into an investment. It was no longer a short term security but an investment security. So about that time form C was changed, and no longer does it appear that there is an advance to a province of three million dollars. I cannot say how it stands at this moment; but there was a time not so long distant when they still held the three millions in the vaults of the Bank of Canada, earmarking it now as an investment, and assuredly it is an "investment." It is one of those long term "investments" with which we who live in western Canada are too familiar.

That is what has happened to our Bank of Canada since the government came into office, through order in council plus the legislation that I referred to, in 1936, by which the capital was raised to $10,100,000. The executive committee remains as it was created in the original statute. Now I put this to the government. Will they or any one of them say that their control over the Bank of Canada has been greater than was the control under the former administration? "Each looks at each and wonders why."

Mr. EULER: No. We are looking at the right hon. gentleman.

Mr. MACKENZIE (Vancouver Centre): There is no question about that.

Mr. BENNETT: Certainly there is no question. The Minister of National Defence is right. There is no change. If there has been an interference, what is it? It is not upon the records. Is there an order in council we have not seen? "Eye hath not seen, nor ear heard." Nothing of that sort? Then I should like any member of the government to point out a single particular in which there has been any more or greater control of the Bank of Canada since October, 1935, than there was between March, 1935, when the bank was established, and October of the same year. It is true that the bank had then been in operation for only a short time; from March to October is not a very long time; but the essential fact is that the bank was controlled by the same men under the same powers except as the return was modified by order in council to remove from the realm of public knowledge the details of the operations to which I have referred. That cannot be gainsaid.

Bear in mind something further that I wish to say with respect to the bank. The bank was brought into being by a former administration, and the officials whom the minister refers to as having been so excellent—with which I agree—were officials who in the first instance were selected by the government, to the extent that they had to do it, but they left the bank afterwards wholly responsible for their staff. Mr. Rhodes was then Minister of Finance, and I recall clearly and distinctly the form of letter that he wrote to various people, that we had nothing to do with respect to the staff; that this matter had to be dealt with by the governor and those associated with him, except to the extent, of course, that the government of the day had to assume responsibility for the appointment of the governor, and for the securing of the deputy governor, who was loaned to us by the Bank of England. Perhaps the Minister of National Defence will be able to enlighten us as to the extent to which, not his monetary policies have been carried out—oh, no, nothing of that sort—but the extent to which there has been a disregard of what was done in the days before October, 1935, what has been done by the new government that had not been done previously.

An hon. MEMBER: Eleven o'clock.

Mr. BENNETT: I am sorry, Mr. Speaker. I had not intended to speak to-night. I suppose I shall have to adjourn the debate.

On motion of Mr. Bennett the debate was adjourned.

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

Tuesday, March 15, 1938

The house met at three o'clock.

FARM IMPLEMENTS COMMITTEE

MOTION FOR CONCURRENCE IN SECOND REPORT PRESENTED APRIL 8, 1937

The house resumed from Friday, March 11, consideration of the motion of Mr. Johnston (Lake Centre) for concurrence in the second report of the special committee appointed to investigate farm implement prices, presented to the house on the 8th of April, 1937.

Mr. GEORGES BOUCHARD (Kamouraska): Mr. Speaker, as vice-chairman of the committee on farm implement prices I have much pleasure in seconding the motion for concurrence in the report of our committee which was presented on April 8, 1937, as moved by the hon. member for Lake Centre (Mr. Johnston). As everyone knows, the inquiry was first conducted by the standing committee on agriculture and colonization, according to the order which reads as follows:

March 2, 1936: Ordered, that an immediate inquiry be made by the standing committee on agriculture and colonization into the causes underlying the high price of farm implements, with particular reference to the advance in prices for the year 1936.

After twenty-five sessions of this standing committee it was felt that a more compact group of members should proceed with the work, and the following recommendation was made to this house:

Your committee recommend:

1. That the inquiry be continued at the next session of parliament by a special committee of the house.
2. That such special committee be appointed as early as possible after the commencement of the next session of parliament.
3. That during the coming recess of parliament the government take into consideration the necessity of continuing such investigation as may be deemed advisable for such continued inquiry.
4. That the records, exhibits and evidence filed with or taken by your committee be placed in the custody of the Minister of Agriculture, and that such records, exhibits and evidence be made available to such special committee upon its appointment.

Acting upon the recommendations in our report, instead of entrusting the continuation of this work to a standing committee composed of sixty members, the government moved on February 1, 1937, the following resolution:

That a select special committee of the house be appointed to continue and complete an inquiry begun by the standing committee on agriculture and colonization, pursuant to a resolution of the house on March 2, 1936, into the causes underlying the high prices of farm implements, with particular reference to the advance in prices in the year 1936.

I want to thank the government for this decision, and I wish to offer my most hearty felicitations to the Acting Deputy Speaker, who presided over this special committee, first, because he was the first one to bring the question at issue to the attention of the house, and, second, for the able and courteous manner in which he presided over the deliberations of the committee. It was no uncommon achievement for a chairman to have merited an expression of satisfaction from an hon. member with a parliamentary experience as long as that of the hon. member for Kootenay East (Mr. Stevens), and one whose competence in part had been gained in presiding over the price spreads committee. That hon. member said, as reported at page 1207 of the report of the farm implements committee:

There has been harmony here, and your presiding has been excellent; there is nothing to complain about at all, and I am not complaining.

I believe it will be agreed by all hon. members who served on the committee that we sat in an atmosphere of peace and yet of activity. The very competent officers—the clerks, accountants and solicitors—contributed to making our sittings most enlightening. We have no complaints with regard to the witnesses. They were fair-minded, and I do not believe they used words to conceal their thoughts. This was a fact-finding committee which made a report on proceedings extending over 1,300 pages, a report which should be of value to the general public, to the expert, to the student, to the economist, to all who can take advantage of it. I admit I do not know many men who could grasp the significance of the report, but I must point out that the investigation should make for a closer approach to harmony among different social activities.

When one first hears about manufacturing costs and retail prices he is inclined to think that the manufacturers are robbing him. But, as one who often injured his little finger with a sickle, I suggest we owe a debt to the manufacturers for the modern implements which help the farmer of to-day. I am not fossilized to the extent that I am unwilling to admit the great help to the farmer brought about by improved machinery. But on the other hand the agricultural implement companies should not forget that in a certain way they live in partnership with the farmers, and that they should trade on a basis of mutual advantage. Although some may say it is a truism or a platitude, I believe one of the first recommendations of the committee, that the prosperity of the farm implement industry is directly dependent on the prosperity of agriculture, is a basic principle.

The third recommendation reads in this way:

That, as a result, the price level of farm implements during the next few years is of the greatest importance to agriculture.

Without any desire to antagonize the agricultural implement companies, beyond the limits of the evidence adduced or the limits imposed by the fair-mindedness of any public man, I believe I should make the following observation. Throughout the years of the depression between 1930 and 1935, agriculture in Canada suffered perhaps more than it did in any other country. Importing countries

had raised tariffs against our products. They adopted quotas, and restricted supplies. While experiencing severe competiton in foreign markets, the Canadian farmer had to purchase his production and consumption goods from industries which were afforded the greatest protection in Canada's history. Not only had he to face tariffs, but he had to face a monetary policy which forced the prices of his products to disastrously low levels. When recovery from the depression commenced, industrial organizations, in order to rehabilitate their own position first, began to exploit primary producers.

During the course of the inquiry it was generally agreed that the problem of the farm implement industry did not lie so much in low prices as in the inability to secure a normal volume of output and sales. Since the volume of sales has improved, the machinery companies are in a much better position than they were four or five years ago. At the beginning of the depression the tariff on farm implements was increased to twenty-five per cent. The argument has been advanced that in spite of the increase in tariff, the companies did not increase their prices. It should be pointed out that the years following 1930 were characterized by a general decline in prices so that in fact the prices were relatively raised. With the drop in duty from twenty-five per cent to twelve and a half per cent, under the Canada-United States trade agreement, effective on January 1, 1936, the implement companies still have plenty of opportunities to raise prices to the Canadian farmer without inviting increased importations.

It should be pointed out that while the tariff on implements was reduced to 7½ per cent in May, 1936, the present excise tax of three per cent on imported goods makes the rate 10·72 per cent. It will be argued that the farm implement industry in Canada is a large employer of labour and that by giving more protection to this industry it will be enabled to employ more Canadian labour. In this regard it is interesting to look at the average number of men employed by the industry during the past years. The following figures are taken from a table to be found at page 87 of the evidence:

1920	12,838
1926	10,091
1927	11,011
1929	11,408
1930	7,405
1931	4,471
1932	2,758
1933	3,039
1934	3,706

During the five years 1925 to 1929, the average number of employees in the farm implement industry ranged from 7,559 to 11,408, or an average for the five years of 10,187. After the increase in the tariff in 1930, the average number employed in the period 1930 to 1934 ranged from 7,405 to a low of 2,758. The average number of men employed in 1932 was only 24 per cent of the average number employed in 1929. There are not many industries with such a record of unemployment, especially an industry with a tariff protection of 25 per cent plus a three per cent excise tax. For the period 1930 to 1934 the average number of men employed in the implement industry in Canada was 4,276. These figures show that tariff protection does not stabilize the economic life of the country. Employment and agricultural production did not decline as did the farm implement industry. Agriculture is the greatest stabilizing influence a country could have, and Canada is sacrificing her agriculture on the altar of industrial development. I invite the house to consider recommendation 17, which reads:

> That reduction in the tariff should and does, in the long run, tend to lower the price level to the farmer, depending on the extent of free price competition in the industry.

Coupled with that is recommendation 16, which reads:

> That it is the opinion of the committee that the cost of cream separators to the consumers should be reduced and with that end in view recommends that this item be placed on the free list.

I urge upon the government the necessity of placing cream separators on the free list, as they were before 1930. A cream separator is an essential piece of machinery on most farms. It is not like a binder that may be used only for two or three days in a year and sometimes not at all; this piece of machinery is used twice a day every day during the year.

I direct attention also to recommendation 18, which reads:

> That in the farm implement industry there is competition in the matter of sales but little effective competition in the matter of prices.

The problem of combination and monopoly is a very complicated one. Though there is no evidence to that effect, the lack of competition in prices should make the government cautious in its supervision. I am confident the implement companies will favour recommendation 24, which reads:

> That the companies should encourage the further standardization of replacement parts in the same implements manufactured by different companies and in addition standardization of the implements themselves.

The following recommendation, number 27, will give comfort to the farmer, more particularly to those whose credit has not been impaired by bad times. It reads:

That the cost of credit to the farmer purchasing farm implements on time is excessive and the companies should take immediate steps to reduce these credit charges.

The further standardization of parts should make easier and less costly the sale of replacement parts. This is referred to in recommendation 28, reading as follows:

That the profits to the farm implement companies on the sale of replacement parts is excessive and the price of these to the consumer should be materially reduced.

I am glad to see a notice of motion in the name of the hon. member for Weyburn (Mr. Douglas) on the order paper. This will give an opportunity to hon. members to discuss this matter. It reads in part:

That this house recommend to the government that they encourage farmers to organize in provincial units for the cooperative distribution and servicing of farm implements.

I invite the attention of the house to recommendation 32, which reads:

That after due consideration of all the essential factors, the committee is of the opinion that any suggestion of a further increase is not justified at the present time.

Let me refer for a moment to the improvement in the financial situation of the companies in the years 1933, 1936 and 1937. I read in the Montreal Gazette, for instance, of February 8, 1938, under the heading Jump in Earnings of Massey-Harris, the following:

Operating income $3,044,267, against $1,523,344 in preceding year.
Working capital up—Net profit of $1,043,728, first since 1929, compares with $58,414 loss a year ago.

Then in the Financial Post of February 26 I read:

Shareholders of Massey-Harris Company were told at the annual meeting on February 22 that the company was successful in increasing its turnover in every country in which it operated last year.

The manager, Mr. Duncan, in concluding his remarks said:

Under the circumstances, however, the future is somewhat beclouded, but we do believe that in view of the very marked improvement in the economic position of the farmer in the majority of the agricultural countries of the world, and the undoubted progress which your company is making, that subject always to the hazards of crop and weather conditions upon which this business is ever dependent, we are justified in looking forward to 1938 with confidence.

The profits of the Cockshutt Plow Company also showed a wide gain last year.

In conclusion, Mr. Speaker, I desire to say, with my colleague from Lake Centre, that the rehabilitation of the agriculturists of this country is a pressing national problem, and I believe the government should explore all the avenues leading to more and more successful agriculture.

(Translation) Mr. Speaker, in conclusion, may I be allowed to express the hope that the farmers of my province, who met the depression with such undaunted courage, may still rely that the government, which never failed them yet, will obtain for them a decrease in the cost of their implements.

Mr. E E. PERLEY (Qu'Appelle): Mr. Speaker, as stated by the hon. member for Kamouraska (Mr. Bouchard), who has just taken his seat, and who was vice-chairman of the committee that inquired into this matter, the inquiry was first suggested by the hon. member for Lake Centre (Mr. Johnston) on March 2, 1936, who moved that an inquiry be made to ascertain the causes of the increased prices of agricultural implements in January of that year. The question was referred to the agriculture committee under the chairmanship then of the hon. member for Macdonald (Mr. Weir). Counsel and auditors were provided, the committee held many meetings and heard many witnesses, in particular the heads of the different companies manufacturing farm implements.

I should like here to pay my respects not only to the members of the committee, who I think made an honest effort to get at all the facts with respect to that increase in price, but also to the witnesses, and the heads of the implement companies for the way in which they tried to assist the committee by giving us every possible detail with respect to every branch of the industry.

When the house was ready to prorogue that year it was felt by the members of the committee that we could not present a satisfactory report within the time available, and it was therefore recommended that the evidence be tabled and that a special committee be set up at the following session to continue the inquiry. A committee was duly set up and continued the inquiry under the chairmanship of the hon. member for Lake Centre, our Acting Deputy Speaker. Last year the committee decided to proceed along somewhat different lines. The auditors were given authority to go into the head offices of the different implement companies and audit their books, and finally a report was presented to the committee by the auditor and reviewed with him by the committee. Different witnesses were called and questioned on the auditor's report, and we certainly secured further details with respect to the manufacture of implements and many other branches of the trade; but I think we could almost as well have made as satisfactory a report at the end of the committee's work in 1936 as last year

or in the report we are considering to-day. As a member of the committee I endeavoured to give the subject the closest possible attention and to hear as much of the evidence as possible, and I drew this conclusion, that the prices of implements in Canada at that time, and to-day, were more or less controlled by the International Harvester Company of America.

The report quotes a mass of figures, draws certain conclusions and makes certain recommendations, to which the hon. member for Kamouraska has referred more particularly than I propose to do to-day.

The hon. member for Lake Centre, in moving adoption of the committees' report, enlarged on the conclusions and recommendations of the committee; and he drew certain conclusions himself, which appear in Hansard of March 11 last, at page 1243. I must say that the procedure was a little out of the ordinary. The chairman generally moves the adoption of the report and makes certain references to the recommendations, but it is not often that he goes as far afield as the hon. member for Lake Centre did in moving adoption of the committee's report. But the hon. member for Lake Centre did draw certain conclusions of his own, and then made this statement, "These conclusions are made by me." I agree with all the conclusions he draws. I think they were admirable in themselves and almost as good a set of recommendations as the committee would have made if they had condensed their report and conclusions into such a brief space as the hon. member took. I am not quarrelling with him very much in that respect. I only want to point out that he went far afield in dealing with the report in that way, and I trust that other members will not be criticized if we also transgress and go a little far afield.

The hon. member quoted certain figures which were not altogether relevant with respect to agricultural production and other matters. I certainly do not agree that increases during 1936 and 1937 in the prices of implements in Canada can be charged to a high tariff; for these increases took place, as the hon. member for Kamouraska has just stated, after very substantial reductions in the tariff rates. The first reduction was fifty per cent.

The hon. member for Lake Centre referred to the resolution introduced in 1911 by the Hon. Arthur Meighen. May I remind the house that the tariff which was introduced and passed by the house in 1919 was the lowest with respect to farm implements that we have had under any government in this country. I refer to a certain number of implements, and particularly to tractors and parts thereof; as we know, they were put on the free list. What happened? Following that enactment, and as a result of that tariff change, some twenty concerns that were manufacturing tractors or parts thereof in Canada went out of business, and there was then a steady increase in prices up to 1929 or 1930. I could quote the prices which prevailed during that period, but the facts can be found in the report by anybody who will take the trouble to review it.

It will be clearly seen that from 1919 to 1930 the increase in price was very considerable. In 1930 a change of government occurred, and the prime minister saw fit to introduce measures which provided for some increase of the tariff on agricultural implements. In doing so, an agreement was made with the manufacturers that they would not increase prices. We know what happened during the ensuing period; we have the figures here to show that there was some reduction in price. Taking for example the year 1935, it will be seen that a very considerable reduction in price of certain agricultural implements took place. The report indicates these price decreases, from 1930 to 1935. In 1936 the tariff was lowered, and again the implement companies began to increase prices. No conclusive evidence was given to the committee on which it could base the conclusion that this state of affairs was related in any way to the tariff.

Reference is made in the report to the high cost of distribution. I think that is one of the principal findings of the committee. In recommendation 33 it is stated:

> That the committee is of the opinion that the cost of distribution of farm implements is unnecessarily high and constitutes an important factor in the prices to the consumers.

I believe we all agree with that, and certainly the industry itself is of the same opinion. But certain things must be taken into consideration in connection with distribution. The western business of necessity is a credit business. The farmers out there have been in desperate circumstances during the past few years, and it will be necessary for many years to come for the implement business in that country to be conducted on a credit or a time basis. Also, when we consider the evidence produced before the committee to show the percentage of business done in Canada by wholly Canadian manufacturers as compared with the amount of business done by United States manufacturers, it will be seen that Canadian manufacturers are under a very serious handicap.

I believe the figures indicated that the Canadian manufacturer has about thirty-two or thirty-three per cent of the Canadian business, and that United States manufacturers and importers have the balance of sixty-odd per cent. Hon. members will appreciate what the heads of the Canadian factories made very apparent to the committee, that if a condition could be brought about whereby they would have sixty per cent or more of the Canadian business the cost of distribution would be considerably less, owing to the larger percentage of business; if that should happen we should have, I believe, a reduction in price from that cause alone.

United States manufacturers control a very considerable amount of business in western Canada. I believe it was stated by the head of the International Harvester Company that its business in Alberta amounted to four per cent of the total business done by them on the American continent. It must be recognized that under a system of free entry that company could set a price in Alberta which might involve them in considerable loss as regards that particular part of their business, but when considered in relation to the total business done by them on this continent it would not amount to hardly anything, although it would put the Canadian manufacturer in a very disadvantageous position.

The question of freight rates was brought into the debate by the hon. member for Lake Centre. I wholly agree with what he said on this subject. We have come to the time when we should consider a reduction in freight rates, and not merely on agricultural implements. The subject might well be further considered. All of us must agree that freight rates have had nothing to do with the trend of prices of implements, either up or down, because the rate has been steady since 1897. When the hon. member for Lake Centre suggested that we should revert to the rate which was in force prior to the establishment of the Crowsnest rates, that is, prior to 1897, I found myself in entire agreement with him.

The hon. member made some suggestions of his own with respect to the prices of farm products: here again I certainly agree with him. There is no one in this chamber more anxious than I am to do something for the agriculturist, to assist the farmer in every practicable way, to make it possible for him to pay for the implements which he will have to buy in the next few years. I have suggested on various occasions in this house a reduction of freight rates. I succeeded in one year, I believe in 1934, in obtaining from the then minister of railways a statement as a result of which an order was issued to the board of railway commissioners asking them to consider a reduction in the differential as between the domestic and the export rate. I also had much to do with the bonus of five cents per bushel which was given to the farmers of western Canada, under which there was paid out about fourteen million dollars. And I had considerable to do with the framing and the passing of the Canadian Wheat Board Act, a piece of legislation which, if it had been given a chance to operate, would have meant much to the farmers by way of getting them an increased price for their wheat.

The time has come when this government should act upon some of the reports that have been handed down in the last two years, particularly this one. Why all this meaningless talk about tariffs, which we have listened to during that time? I well remember, and no doubt it is within the memory of many members of this house—possibly the Liberal party is running true to form—that in the legislature of Saskatchewan a resolution was passed annually for free furniture and implements of production. The Minister of Finance (Mr. Dunning), when he was premier of the province supported these annual resolutions to have furniture and implements of production put on the free list. But we have never had any action in this regard, notwithstanding that both he and the present Minister of Agriculture (Mr. Gardiner) supported such resolutions in the legislature. They have sat in this government in the last two years and have done nothing, although we have heard a lot of talk from back benchers. I wonder if the back benchers are going to continue this session talking along that line. If they do, I trust they will force the government to take some action. We ought to know something definite now, and the only way we can find out is for the government to make a move in one direction or the other.

Mr. MACDONALD (Brantford City): May I suggest to the hon. member that a reduction from 25 per cent to 7½ per cent represents some action.

Mr. PERLEY: That is true, and if the government go any further they will find out that lowering the tariff does not help us to get any reduction in the prices of implements.

Mr. MACDONALD (Brantford City): Why do you want action then?

Mr. PERLEY: We want the government to do something concrete, but instead we have nothing but talk from western members supporting them. Let these hon. gentlemen go

back to the west and say to their constituents, "This is what the government has done"—let them do this or stop talking.

And what about the wheat board? The hon. member for Lake Centre mentioned it in his speech when moving concurrence in the report. A resolution was passed in the legislature of Manitoba a few days ago recommending that the government take steps to bring the wheat board act of 1935 into operation, to bring coarse grains under the act, and to issue participation certificates. In this connection an amendment was moved to amend another amendment that had been put forward. It read:

> That the said amendment be amended by adding at the end thereof the following words: And that this house regrets the practice of nullifying a federal statute by the passing of a federal order in council, thereby preventing the actual delivery of grain to the grain board except at low market prices.

That motion passed the Manitoba legislature with only one dissenting voice. I believe it was the member for South Winnipeg that voted against it, but the premier and the members of the government and the opposition as well all voted for it. Will hon. members from Manitoba and Saskatchewan who support the government in this house press such a resolution on this government with a view to having something done in that respect.

After dealing with the cost of distribution, which was the main recommendation, the report in its thirty-fourth recommendation proposes:

> That the companies themselves should make every effort to reduce these costs, or the farmers should be encouraged to organize for cooperative distribution and servicing of farm implements.

As regards the first part of the recommendation, surely it is unnecessary to state that the companies themselves look upon the cost of distribution as one of their major problems. If, therefore, there is any way of solving that difficulty, we can rest assured that the companies will endeavour to find it.

The thirty-four recommendations of the report give the government a good deal of latitude in preparing legislation and I trust that the cost of this investigation will not have been wasted and that some action will be taken to assist the farmer. There may be some difficulties to overcome, but the government is given a good deal of latitude in this report. In conclusion, may I commend the work of the committee. I believe that every member of the committee made an honest attempt to deal with the problems referred to the committee, and I wish to congratulate both the chairman of the present committee and the chairman of the one that preceded it upon the manner in which they conducted the investigation. Further, I believe it is only fair to say that the heads of the Canadian manufacturing industry in Canada and those who came from the south endeavoured to cooperate with the committee. They tried to give the committee all the details that were available, and I do not think that any of them made any effort to withhold anything. They are to be congratulated, and I trust that something concrete will result from the labours of this investigating body.

Mr. JOSEPH NEEDHAM (The Battlefords): Mr. Speaker, as a member of the committee I should like to consider the report from a slightly different angle. In the first place I wish to put on the record the amounts of machinery sold in the east and in the west respectively and to follow the distribution through. According to the report we find that of the Canadian sales of the International Harvester Company, 77½ per cent are made in the west and 22½ per cent in the east; and of the Massey-Harris Company's sales, 66½ per cent are in the west and 33½ per cent in the east. These figures give us some idea of the quantities of machinery sold in western Canada and in other parts of the country. In freight rates, nine per cent of the farmer's dollar spent on implements goes to pay freight, so far as the west is concerned; in other words, freight takes nine per cent of every dollar spent on implements, whereas in the east it takes four per cent.

Let me give the value of farm implements sold in Canada at the factory compared with the price paid by the farmer, taking the total for the years from 1920 to 1935. Value at factory is $492,250,017, and total paid by the farmers $660,737,871, or a difference between the factory cost and what the consumer pays of $168,487,854. It will be seen a little later how these figures work out in the comparison between factory value and price to the farmer.

I notice that the peak year in sales was 1928, while the low year was 1933. The hon. member for Lake Centre (Mr. Johnston) mentioned the tremendous backlog which has been built up because of the conditions that have existed, especially in the west, and it is anticipated that there will be a tremendous sale of farm implements some time when the farmers are able to buy them. Owing to the financial situation that exists at the present time, however, there is not much hope for any increased sales this year. I was startled to learn, from one hon. member of this house, that seventy-five per cent of the farms in Ontario were mortgaged and that the average income of the farmer was less than one dollar

a day. We know the conditions in the west, so that the prospects do not look very bright for increased sales this year. Of course the higher price matters very little to the fellow who has no money, but I am thinking of the farmer who is just on the border line, who must either make a purchase or go out of business. To that person an increase in price, of the percentage given by the chairman of this committee, is a very serious matter.

In that report there is something else that is rather startling. It is stated that from 1913 to 1936 the price of farm tractors dropped fifty per cent, while in the same period the price of horse drawn implements increased fifty per cent. We all know that there was a pronounced change in the tractors in those years; nothing like the same material went into the tractors in the later years, but when you consider that there was very little change in the horse drawn implements, and that only one farmer in seven possesses a tractor, it looks even more serious. When we look at it from the standpoint of the farmer and the conditions surrounding him in regard to making any commitment, as compared with the manufacturer, we see that the one can play safe while the other is very unsafe. The farmer has to contend with hail, rust, frost, grasshoppers, cutworms, gophers and a lot of other things. On the other hand the manufacturer can set his price, and if the farmer cannot meet that price the manufacturer hangs on to his implements. With these increases in debt and interest charges, together with increased taxes, municipal, provincial and federal, the future of agriculture does not look very bright. The farmer cannot pass on to his customer the added cost of operation. I find that the International Harvester Company exports about one-third of its factory product, while the Massey-Harris Company exports to an even greater degree.

I should like to touch as briefly as possible on the financial position of the various companies, as set out in this report. From 1903 to 1912 the International Harvester Company earned $3,500,000 and paid interest on all advances from the parent company, on a capitalization of $1,000,000. Not bad pickings, was it? From 1913 to 1919 this company earned $3,000,000, plus profits retained by the parent company estimated at $4,200,000 and paid interest on all advances from the parent company, on a capitalization of $1,000,000 until 1917, when the capital was increased to $10,000,000. Later that was again increased to the present capitalization, estimated at $39,000,000. From the dividends paid it has been a pretty good thing for the shareholders.

[Mr. Needham.]

From 1926 to 1935 it works out at $2,450,000 per annum, or at the rate of 6·3 per cent during that period of ten years. The auditor for the committee placed it at 7·7 per cent.

The report indicates that from 1891 to 1912, on the original capitalization of $3,500,000 plus $1,000,000 added in 1911, the Massey-Harris Company returned to its shareholders cash dividends amounting to $11,212,349 and stock dividends of $8,500,000, a total in dividends of $19,712,349. In addition a rest account was created amounting to $6,500,000; a special contingent account was set up of $1,680,000, and $1,061,000 was retained in surplus account, making a grand total of $28,953,349.

During the period 1926 to 1935 the Cockshutt Plow Company and the Frost and Wood Company combined sold $45,600,000 worth of implements in Canada and $7,772,000 worth of implements outside of Canada, and showed a profit of $20,760. The committee estimated that the John Deere Plow Company would have an investment in Canada of $16,000,000, and that during this ten year period it returned profits of about $8,000,000, or an average of $800,000 per annum. So it would appear that in spite of the low sales and the undoubted high bad debt losses during those ten years, these companies did not fare very badly. Going back to the time of the origin of the companies may I say that the business has been quite profitable, especially in view of the development in warehouses and other equipment throughout the country.

Distribution is a very important factor in the price structure as between factory and farmer. There are different systems in Canada and the United States. The dealer in that country is on a different basis from the Canadian dealer. He buys his implements outright, following a suggested price list supplied by the company. In Canada to a great extent the implements are sold on consignment, and price lists are set to which the dealer must adhere. As indicated by the hon. member for Qu'Appelle (Mr. Perley), in some cases costs of distribution are tremendously high. Entering into that factor are the special salesmen used by the companies, the high cost of collection, and so on.

The Massey-Harris Company, to which reference is made in the report, placed before the committee a report made by Ford, Bacon and Davis stating that the company had engaged this particular firm to give guidance in managing their affairs and readjusting their business. Some of the items in the report of the company which acted in an advisory capacity are very interesting. It states that the mechanical farm implements being produced by the leading companies are excellent,

but that the selling and distribution methods are below the standard recognized as first class in other fields of business. When one compares the motor car of to-day with that of ten, fifteen or twenty years ago, he finds that it is far better in construction, durability and mechanism, and yet, proportionately, it is much lower in price than it used to be. The same condition does not apply to farm implements.

In making a comparison of costs of distribution in the different companies, the report shows the following costs as percentages of gross sales:

	Per cent of gross sales
International Harvester Company ..	19·61
Massey-Harris Company..	25·70
John Deere Manufacturing Company	17·65
Cockshutt, and Frost and Wood:	
East of Peterborough..	19·49
West of Peterborough..	14·35

Another matter of grave concern to agriculturists is the credit charge imposed by implement manufacturers in connection with time sales. I find that in eastern Canada the prevailing rate is six per cent before maturity and seven per cent after maturity, while in Manitoba, Alberta and British Columbia it is seven per cent before maturity and eight per cent after. In Saskatchewan there is legislation stating that the rate must be the same before and after, and as a result it is now seven per cent before and the same after. The rates used to be seven per cent and nine per cent respectively.

The following table gives the loading policy on credit sales by the different companies:

	Eastern Can.		Western Can.	
	One Fall	Two Falls	One Fall	Two Falls
	Per cent		Per cent	
International Harvester Company..	6·52	8·11	7·51	9·75
Massey-Harris Company..	6·82	8·79	6·16	9·93
Cockshutt Plow Company..	4·92	7·61	6·57	11·23
Frost and Wood..	4·77	7·49	....	....
John Deere Manufacturing Company..	....	....	5·87	11·06

May I now give an illustration of how this works out on an arrangement of half cash and the balance one fall, with particular reference to an eight foot binder:

Cash price, $281.
Half payment on delivery, balance on October 1, $289.
Difference between cash and credit prices, $8.
Balance due, $144.50.
Date purchased, July 15.
Days to due date, in which interest would accrue, 81.
Rate of interest, 7 per cent.
Amount of interest, $2.24.
Total credit charge, $10.24.
Rate per annum, 33·8 per cent.

These figures are based on the Regina price.

A similar table, with the arrangement of cash and two October payments, gives the following results:

Cash price, $281.
Two payment price, $297.
Difference between cash and credit prices, $16.
Balance due to October 1 (first year), $148.50.
Date purchased, July 1.
Days to first due date, 81.
Rate of interest, 7 per cent.
Amount of interest on first note, to first payment, $2.31.
Balance due to October 1 (second year), $74.25.
Amount of interest, $5.20.
Total interest charges, $7.51.
Total credit charges, $23.51.
Rate per annum, 24·6 per cent.

The companies claim that this credit charge should not be classified as interest, and that it is put there to encourage the farmer to purchase the implement at the cash price. They say that during a ten year period it has taken all of that charge to meet losses on collections and bad debts.

May I now touch upon the facts with respect to repair parts. All companies examined admit a substantial mark-up in the price of repair parts as compared with the price of a complete implement composed of the same parts. This mark-up amounts to 65 per cent. The committee claims that this percentage is excessive, in view of the fact that the repair parts are generally sold for cash, with no cost load for credit as in the case of the complete implement. For that reason the committee states there should be a drastic reduction. Ford, Bacon and Davis in their report in connection with the Massey-Harris Company, refer to repair parts in the following words:

> This business is of the greatest importance to the company as the net profits therefrom in the past two years have been more than half the total net profits from the business.

That is very startling. The matter of standardization of repair parts was discussed with the representatives of the various companies. In the lack of standardization is found one of the greatest difficulties in keeping up a machine to perfection. A machine may change hands and the farmer who buys it may go to the local dealer for a section of a binder, for example. He will find that there are five different sections manufactured by the same company, each one just a little different so that they will not fit. This is a great inconvenience both to the dealer and to the farmer. The committee recommended that the companies themselves should do something to bring about a greater standardization of replacement parts for the convenience of the user.

It was very clear to the committee that there was no competition in prices among the various companies. Whenever the prices changed, all the companies changed at the same time. The companies claimed that there was no gentleman's agreement, that this was only a coincidence, but I am sure the committee was satisfied that there was no competition in prices. It may be that the one company would wait until another had published its price list, but the committee was satisfied that there was no competition in this regard. There is great competition in connection with sales and tremendous expenses are incurred in distribution. If there is a prospect in any community every dealer knows about it and, if the prospect is worth while, the dealer gets an expert salesman to come out. Four or five different salesmen may go to see the farmer to try to close the deal. These expenses should be eliminated and there should be no high-powered salesmanship.

Mr. SPENCE: What would you substitute in its place?

Mr. NEEDHAM: Let the farmer go to the merchant and buy a machine when he wants one, just the same as he would buy a pair of shoes or suit of clothes. There should not be this great expense in the distribution of farm machinery. With a strong financial position and efficient management it should not be necessary to increase the price. These advantages should be passed on to the customer. It would appear that the shareholder is the first consideration rather than the customer. The executives cannot be blamed for this, because they must show profits or lose their positions. That is the case in many walks of life to-day. We find the same thing in the chain and departmental stores and in other lines of industry: the management is left to executives who must produce results. I submit that these companies should mark time until the farmer is in a position to take advantage of cash sales. The prices should be kept as low as possible.

What can the government do with this report? The committee has completed its work and has made certain recommendations, but what can the government do? The government cannot force the implement manufacturers to sell at a certain price. The report shows the position of the manufacturers, and we all know the condition of the farmers. However, there is one thing that can be done; farm implements could be put on the free list. The manufacturer could be told, "You have had your innings ever since you started to manufacture implements; it is now the farmer's turn to see whether he can gain anything along this particular line." If that is not sufficient, I would suggest the recommendation made by the hon. member for Melville (Mr. Motherwell), that there be some compensation as well.

I ask the government to try this for a period of years to see whether it will not help to rehabilitate the farmer. The agriculturist is the mainstay of the country. No country can be prosperous when its agriculture is not prosperous. I ask you to say with President Roosevelt: We will try anything once; if it works we will work it some more, if it does not work, we will try something else. I suggest that for a while we try free trade in farm implements.

Mr. W. R. MACDONALD (Brantford City): Mr. Speaker, in every industry there are three interests: the capitalist, the worker, and the consumer. I do not put them in that order for any special reason; I might just as well have said, the worker, the consumer and the capitalist; or the consumer, the worker and the capitalist. Under our system of government they are all necessary and no country can exist without the three. Every hon. member who has spoken so far seems to think there is only one class in Canada, namely, the farmer. I pay my respects to the farmer; I know he is very necessary indeed, but we must remember that at least half of the population of this country lives in our cities. The farmer is necessary, the capitalist is necessary, and the worker is necessary. There must be cooperation; the three must work together for the good of all. If this investigation does no more than bring these three together, then I feel that the effort we have put into it and the long hours we have spent in the inquiry shall not have been entirely in vain.

I desire to pay my respects to the chairman of the committee for his fairness, for the kindly manner in which he received all those who came before him, and for the way in which he allowed questions to be asked. However, at times it appeared to me that the manufacturers and workers were on trial. At times the committee took on the form of an inquisition rather than an investigation, as though they had done something wrong and we were out to condemn them. That was not so all the time, but I do feel it was so part of the time. In fact I believe the farm implement industry has been discriminated against. If you look back you will see that in parliament after parliament it has been investigated, or there has been some change in the tariff affecting the industry. One government comes in and the tariff on farm implements is changed; another comes in and the tariff is changed again, and it is

probably changed two or three times in the life of each parliament. We had a price spreads investigation, when the farm implement industry was subjected to very critical examination. Then we had the agriculture committee of this house investigating it, and last year a special committee was appointed to investigate it again. Here we are in the third session of the eighteenth parliament, and we are still discussing the farm implement industry.

I say, Mr. Speaker, that the farm implement industry has been and is a great asset to this country. There are some people, as the president of one of these companies has said, who look upon manufacturers as public enemies, and the agricultural implement manufacturers as public enemy No. 1. Surely they are not an enemy of this country. Surely they have contributed something to its greatness. They have given the farmers the best in agricultural implements. They have employed their capital to go into research, to develop the very finest of implements, in order that our farmers may produce the greatest possible amount from their land with the least amount of labour. They have given employment to thousands of Canadians, who have a right to live on a fair scale, on a high scale the same as the farmer and the capitalist. I would like hon. members of this house to come to my city of Brantford. There you will find working men, the finest class of men in this country. I will take you down street after street and show you their homes, neat and tidy, with industrious housewives, children growing up—happy homes. Surely, Mr. Speaker, nothing should be done to lower the standard of living of the thousands and thousands of these working men and their families.

Mr. QUELCH: Is the hon. member suggesting that farmers have a high standard of living at the present time?

Mr. MACDONALD (Brantford City): I am hoping that the standard of living of these working men will not only be maintained but raised, and I have the additional hope that the standard of living of the farmers will also be raised. The hon. member apparently has missed my point. In speaking to-day I hold no brief for the capitalist, the farmer, or the worker. I feel that we must endeavour to benefit all, and I trust that no one will interpret my remarks to the contrary.

It has been mentioned in this house that profits have been made by this industry. But since when, Mr. Speaker, did it become a crime for industry to make profits? If we take the figures year after year we shall probably find that the profits were not as high as some might imagine, but when someone states that a certain industry has made profits some hon. members of this house immediately assume that industry is committing a misdemeanour. Surely my hon. friends cannot object to reasonable profits, fair wages to the worker and fair prices to the consumer.

It has been said that one implement company in Canada last year made a million dollars, but an analysis of the business of that company will show that three-quarters of that amount, namely, $750,000, was made from implements sold outside Canada, and only $250,000 from implements sold within Canada.

It has also been stated that during the earlier years of the agricultural implement industry, from 1891, we will say, to 1911, great profits were made by this industry. I agree that great profits were made at that time not only by the agricultural implement industry but by practically every industry in this dominion, and I would also remind hon. members that great profits were made by the farmers in those years. The farmers were prosperous from 1901 to 1911; everyone was prosperous in those years, and surely we cannot complain of that. But our investigation was into the current prices and current profits of the implement companies. I have taken the trouble to go back over a period of twenty years from 1935, and I have averaged the profits or losses, as the case may be, of the implement manufacturing companies, and have then gathered them together, and I find that for the twenty years prior to 1935 the Canadian companies did not make money but lost ·37 per cent. During the fifteen years immediately prior to 1935 they lost 3·89 per cent. During the ten years immediately prior to 1935 the Canadian companies lost 5·59 per cent, and during the six years prior to 1935 they lost 12·26 per cent.

Mr. NEEDHAM: Are these figures taken from the report?

Mr. MACDONALD (Brantford City): They are taken from the report. In some years the companies made money, in some years they lost money, just as in farming operations the farmer makes money one year and loses money another. But taking an average of the implement companies during the last ten years, while in certain years they made money and in certain years lost money, on the average they lost 12·26 per cent in the last ten years.

Mr. JOHNSTON (Lake Centre): Is the hon. member grouping all the implement companies together in that statement?

Mr. MACDONALD (Brantford City): It is the Canadian companies.

Mr. JOHNSTON (Lake Centre): All doing business in Canada?

Mr. MACDONALD (Brantford City): No, just the strictly Canadian manufacturing companies.

Mr. DUPUIS: Where are those figures taken from?

Mr. MACDONALD (Brantford City): They will be found in the financial reports submitted to the committee by the implement companies, and if hon. members will take the trouble to look into those reports they will find that my statement is correct.

Mr. DOUGLAS (Weyburn): Has the hon. member the figures for individual companies as well as the average of all taken together?

Mr. MACDONALD (Brantford City): No, but that could be easily ascertained, and if the hon. member cannot obtain it himself I shall be glad to obtain it for him.

Mr. EDWARDS: The figures are all in the price spreads report.

Mr. MACDONALD (Brantford City): Yes. During the past twenty years or more, farm implement prices have been on a basis, so far as the Canadian manufacturer is concerned, that has not been profitable, and any industry which would deliberately establish its selling price on a basis which returns less than cost would be committing commercial suicide. In the case of the implement industry, with their extended commitments to their customers in the way of service and repairs, that could not possibly be of advantage to the farmers of this country.

The third recommendation of this committee states:

> That, as a result, the price level of farm implements during the next few years is of the greatest importance to agriculture.

True, the price level of farm implements is important to agriculture, but to focus its degree of importance one must consider the proportion of the farmer's dollar which is spent in the purchase of farm equipment. According to the Nor-West Farmer, a prominent rural magazine in western Canada, from which I quoted last year, it was estimated in 1935 that the Canadian farmer spends three cents on implements and repairs, nineteen cents on food, sixteen cents on clothing, and nine cents on autos, trucks, upkeep, etc. I want to be fair to my hon. friends and agree that before the committee it was stated that the percentage spent on farm implements was somewhat higher than three per cent; and although official figures from the department of agriculture of the United States indicate also that the farmer spends three cents of his dollar on farm implements and repairs, I will admit, for the sake of argument, that the farmer spends, we will say, six cents, which is twice as much as the Nor-West Farmer states, on implements and repairs. Just what effect is this going to have on his own particular budget? We can put it this way. If a farmer spends $100, a maximum of six dollars only goes towards the purchase of implements and repairs. On this basis a decrease of ten per cent in implement prices would affect the farmer's $100 purchase by only ten per cent of six dollars, which is sixty cents. In other words, if the price of farm implements were reduced ten per cent the farmer's outlay would be only sixty cents less out of every hundred dollars than it is at the present time. From this it will be seen that the price of implements does not play such a fundamental part in the prosperity of the farmer or his ability to purchase as one might suppose. The farmer's problem during the depression and to-day in the drought areas is not so much the price he has to pay for his implements as his lack of purchasing power, due to the low price which he obtains for his product, or scarcity of it.

A number of hon. members have referred to the increase in the price of farm implements and have stated that it should not be. I should like to draw their attention to the increase which has taken place in the prices of raw materials. As far back as December, 1936, these prices were rapidly advancing, and they reached their peak at the end of the second quarter of 1937; at that level they have remained ever since. A number of increases which have taken place are as follows —I ask hon. members to note the percentages:

	Percentage of increase
Hot rolled bars, banks, plate, etc..	23
Cold drawn bars..	14
Blue sheets..	31
Black sheets..	34
Galvanized sheets..	23
Sections and ledger plates..	38
Wire..	20
Plough discs..	20
Pig iron..	28
Engines..	15
Wheels..	19
Chain..	16
Malleable castings..	12½

Also in 1937 two distinct wage increases were given to the employees of most of the factories. In one company there was an increase on February 1, 1937, and another increase on April 17, 1937. Combined, these

brought the wage level to a point approximately 8·1 per cent higher than it was in 1936.

I quote these figures so that hon. members may realize that there has been a sustained increase in the price of raw materials and an advance in the wages paid. I ask, how can manufacturing concerns continue to do business and keep the men of our country busy if in spite of the increased costs of raw material and labour they reduce their prices to a point where they are losing money? I say it cannot be done. We have heard a great deal about the high prices of farm implements in Canada. Again let me emphasize that it is my desire, as it is the desire of every hon. member, that the farmer should buy his implements at as low a price as possible. At the same time I do not suppose there is an hon. member who wants to put any farm implement company out of business nor to throw men out of employment. Are the farmers paying more than they should for their agricultural implements? Let us look at farmers in other parts of the world. I make this statement advisedly, namely, that farmers on this continent buy their implements at a lower price than that paid by farmers in any other part of the world. I quote some figures—prices delivered Winnipeg.

	Delivered cost
An 18-section oil-bath mower:	
Canada	$116 84
Great Britain	150 13
South Africa	147 50
New Zealand	144 00
Argentine	167 00
Six-foot binder with sheaf carrier and truck:	
Canada	288 00
Great Britain	343 00
South Africa	359 00
New Zealand	324 00
Argentine	338 00
32-tooth rake, 10-foot:	
Canada	62 22
Great Britain	94 84
South Africa	75 00
New Zealand	None sold
Argentine	98 56

I could go down through the list. In every instance, I repeat, where there are purchases of any large implements, the price that the farmer in any of the foreign countries I have mentioned pays is considerably greater than is paid by the Canadian farmer.

I come now to the question of the cream separator. The committee recommended that the cost of cream separators to consumers should be reduced, and with that end in view they recommended that this item be placed on the free list. Very little evidence was taken by the committee during the inquiry except from importers of foreign cream separators. In all probability, had the question been investigated more fully, the recommendation that the duty be removed would not have been made.

The price situation with regard to cream separators is confusing, because mail order houses sell imported machines through their catalogues and without services, whereas the Canadian manufacturer includes this important and expensive advantage. One of the Canadian cream separator industry's problems at present is the rapidly developing Scandinavian imports. In 1920 these imports were just 5½ per cent of the imports of all cream separators, but in 1936 the percentage had increased to fifty-eight. In the Scandinavian countries separators are being manufactured on a basis of seventy-five per cent female labour at sixteen cents an hour and twenty-five per cent male labour at 31·4 cents per hour, an average of 19·6 cents per hour. In Canada the rate is around fifty-five cents per hour. If in Canada cream separators could be manufactured on the basis of 19½ cent labour, the cost of machines could be reduced by thirty-eight per cent, or $16.68. The duty of twenty-five per cent which importers of Scandinavian machines have to pay on machines comparable to those manufactured in Canada amounts to only $5.50.

The Canadian industry can meet Scandinavian competition on even ground only by reducing labour costs to a comparable basis; but this, with the lower standard of living which it would involve, would not be acceptable to the Canadian working man and would be entirely out of line with the policy of this government.

When it is suggested that cream separators should be put on the free list we should remember that the farmer to-day enjoys protection of from eight to twelve cents per pound on butter. Does the farmer contend that this protection of from eight to twelve cents per pound on butter should be maintained, and at the same time ask that cream separators be put on the free list? I would also remind hon. members that oleomargarine cannot be sold in Canada, and representations have recently been made that vegetable oils be put on the dutiable list.

It is often said that the farmer gets no protection from the tariff, but there are many commodities on which he is protected. Let

me give a few figures on importations from the United States:

Commodity	Duty
Live cattle	2 cents pound
Sheep	$2 per head
Hogs	1¼ cents pound
Fresh beef	6 cents pound
Lamb	6 cents pound
Canned meats	30 per cent (canned hams less 20 per cent Polish agreement)
Baby chicks	4 cents each
Bacon and hams	1¾ cents pound
Beef in brine	3 cents pound
Lard	1¾ cents pound
Tallow	17½ per cent
Eggs in shell	5 cents dozen (with countervailing proviso)
Cheese	7 cents pound (less 15 per cent under French treaty)
Butter	12 cents pound
Hops	10 cents pound
Powdered milk	5 cents pound

Mr. BLACKMORE: Are those the rates on commodities coming into Canada from the United States?

Mr. MACDONALD (Brantford City): I am talking about farm products coming into Canada from the United States.

Mr. BLACKMORE: Has the hon. member the figures from New Zealand?

Mr. MACDONALD (Brantford City): From New Zealand there is a substantial duty on butter.

Mr. BENNETT: Five cents.

Mr. EULER: Plus exchange, which amounts to between three and four cents.

Mr. MACDONALD (Brantford City): In conclusion I would point out that the forcing of Canadian manufacturers out of business would with the resulting unemployment involve a tremendous loss to Canadian economy and leave the farmer dependent entirely upon foreign sources of supply. It has been a matter of consistent observation that any country which is entirely dependent on foreign sources of supply invariably pays more for its products. I would refer my hon. friends to a statement I read showing that farm implements cost more in other countries than in Canada. The Canadian farmer would be the loser if farm implements ceased to be manufactured here or were produced on a very much smaller scale than at present. The best interests of the Canadian farmer, of the working man and of this industry itself would be served by the maintenance of a reasonable tariff, especially if it were established on a basis of permanency. A reasonable tariff, I suggest, would be one which would be low enough to assure a reasonable price to the consumer and high enough to ensure steady employment to the working man.

Mr. J. T. THORSON (Selkirk): I wish I could be as eloquent on behalf of the dairy farmers of Canada as the hon. member who has just taken his seat (Mr. Macdonald, Brantford City) has been on behalf of Canadian manufacturers. I intend to confine my remarks to the subject of cream separators.

The statement was made in this house some days ago by the hon. member for Greenwood (Mr. Massey) that no evidence had been taken from the Canadian manufacturers of cream separators. A similar statement was made a day or two ago by the leader of the opposition (Mr. Bennett).

Mr. BENNETT: I did not say "not any," but "not any adequate evidence." I think you will find there was some evidence.

Mr. THORSON: I accept that. To-day the hon. member for Brantford City stated that very little evidence had been taken on the subject. It might be desirable, therefore, that hon. members should note the evidence that was given before the special committee on farm implements with respect to cream separators.

There are four principal companies in Canada that manufacture or assemble cream separators—the International Harvester Company of Canada, Limited; the Massey-Harris Company, Limited; the De Laval Company, Limited, and the Renfrew Machinery Company, Limited. Questionnaires were sent out to the two larger companies, the International Harvester Company and the Massey-Harris Company, and full replies were given by them. One of the questionnaires asked the companies to supply full information with regard to a number of typical farm implements, including cream separators. Cream separators, therefore, received exactly the same amount of attention as any one of the other typical farm implements in respect of which information was requested and given.

The officers of these two large companies appeared before the special committee and gave evidence freely, frankly and in great detail. They were examined by counsel to the committee, Mr. R. T. Graham, K.C., and cross-examined by members of the committee; they had the fullest possible opportunity of placing their case before the committee. Detailed evidence was given as to costs of cream separators, manufacturing costs, distribution costs, selling costs and sales realizations. These details were given with regard to all the typical farm implements in respect of which

information had been requested. In the case of the International Harvester Company there were nine typical farm implements in respect of which information was requested and given. Their No. 2 cream separator was in this list. If anyone is interested in the information that was given to the committee he will find it all in the tables that appear on pages 138 to 146 of the evidence. Comparable information was given in respect of the Massey-Harris Company, in so far as it is possible to compare it with the information given by the International Harvester Company. It is not possible to give absolutely comparable information because of the differences in the systems of accounting of the two companies. In the case of the Massey-Harris Company there were seven typical farm implements listed, and included in this list was their 500-pound cream separator. The tables for the Massey-Harris Company will be found at pages 1092 to 1100 of the evidence. These tables were compiled as the result of facts and figures given by the companies themselves. The companies cooperated fully with the committee and its auditor, Mr. Walter J. Macdonald, in giving the basic information that was desired, and there were no complaints made at any time by the officers of the two companies to which I have referred.

With regard to the two other companies, the De Laval Company and the Renfrew Machinery Company, special questionnaires relating to cream separators were sent to each of these companies. The De Laval Company made a full reply to the questionnaire sent to it, and one whole session of the committee was devoted to the evidence given by the officers of that company. Their general manager, Mr. Breyfogle and their auditor, Mr. Cutmor, appeared before the committee and gave full and detailed information that was very useful to the committee. The Renfrew Machinery Company made no reply to the questionnaire that was sent to it. I understand that the auditor of that company was in consultation with the auditor of our special committee, and that he promised that the information requested in the questionnaire would be given, but no information was ever furnished at any time by the Renfrew Machinery Company. They were given every opportunity to do so, and now they have no cause for complaint. In addition, evidence relating to cream separators was given by correspondence from MacLeod's Limited, and there was also evidence given with regard to the effect of tariffs, customs rulings and freight rates upon the prices of cream separators. Therefore, Mr. Speaker, the special committee had a great deal of evidence before it; it gave very careful study to the question of cream separators before arriving at the following recommendation:

(16) That it is the opinion of the committee that the cost of cream separators to the consumers should be reduced and with that end in view recommends that this item be placed on the free list.

This recommendation was made unanimously; I submit that it was justified by the evidence that was before the committee and that it is justified by the needs of the dairy farmers in every part of Canada. There is an unanswerable case for the recommendation thus unanimously made by the special committee on farm implements.

What is the history of the tariff on cream separators? For over thirty years before 1932 cream separators came into Canada free. This is as it should be; for there is no farm implement so important to the needy mixed farmer, the needy dairy farmer, as the cream separator. It has often been described as "the handmaiden of thrift." It is the cream separator that provides the poor farmer with his cream cheque, which is practically the only cash that he gets, and it is of more importance to the dairy farmer in hard times than it is in good times that his implements of production should be provided at the lowest possible cost. A change was made in the tariff in 1932, when the Ottawa agreement was entered into. The tariff was then increased to 25 per cent under both the intermediate and general schedules. It remained on the free list as far as importations from the United Kingdom were concerned, but note this. Not a single cream separator had come into Canada from the United Kingdom for three years before the Ottawa agreement was concluded. They had come mainly from the United States, Sweden or Belgium. The average importations of cream separators into Canada during the years 1930, 1931 and 1932 amounted to $833,000 per year. None came from the United Kingdom during these three years. Seventy-five per cent of the importations came from the United States, thirteen per cent from Sweden, six per cent from Belgium and the balance from Finland and other countries. So in 1932 the tariff was jumped up from the free list to 25 per cent on importations of cream separators from all countries except the United Kingdom, which for three years had not exported a single cream separator to Canada, and which was itself a large importer of cream separators.

But this was not all, for article IX of the Ottawa agreement guaranteed this 25 per cent margin of preference to the United Kingdom in respect of cream separators for the whole lifetime of the agreement. Therefore during the five years that the agreement was in force it was impossible to make any reduction whatever in the tariff on cream separators, and for five years this high protection was clamped on against the dairy farmers of Canada. In the first speech I made in this house during the session of 1936 it was my privilege to describe this clause of the Ottawa agreement that guaranteed this margin of preference as a vicious clause, and I urged its deletion from the agreement when it was to be reconsidered in 1937. In that year we made some progress. The Ottawa agreement was revised. There was no reduction in the tariff on cream separators but they were no longer tied to the margin of preference to which I have referred. Cream separators are not mentioned in schedule 5 to the Ottawa agreement of 1937, and therefore they are not tied to this guaranteed margin of preference of 25 per cent. In the session of 1937, further progress was made through the recommendation made unanimously by the special committee on farm implements, of which I was a member, that cream separators should be put upon the free list. This present session therefore, Mr. Speaker, is the first since 1932 that the government has been free to act in the matter of tariffs on cream separators, and I sincerely urge upon the government that it should carry into effect at this session the unanimous recommendation of the special committee on farm implements, that cream separators should be put on the free list. This recommendation should have the active support of every hon. member who represents a rural constituency in which there is mixed farming, and in which there are dairy farmers. There are in Canada 2,600 butter factories or creameries, of which 1,200 are in the province of Quebec. There are thousands of farmers in this country who depend upon cream separators for the only cash they receive. There is no implement more important to these small farmers than the cream separator.

What has happened since 1932? The evidence given before the committee shows some startling facts. In the first place it shows clearly and conclusively that while prices of cream separators were not increased after the tariff was put on, the prices were artificially held up. May I refer hon. members to the comparative statement of prices that appears on page 131 of the evidence.

[Mr. Thorson.]

The International Harvester Company, giving evidence with regard to some typical farm implements, gave a statement of comparative prices. The information with regard to their No. 2 cream separator shows the cash price at Regina, Saskatchewan, and also the cash price at Billings, Montana. Prior to 1932 there was comparatively no difference between the price on the United States side of the line and the price on the Canadian side. In 1932 the price of the No. 2 cream separator at Regina was $103.50; at Billings it was $102.30. But let us now see what happened after the tariff was put on. In 1933 and in 1934 the price of the cream separator at Billings, Montana, dropped to $90.90, a drop of $12.40. What happened on the Canadian side of the line? The drop was merely one from $103.50 to $102.50. That is fair evidence, Mr. Speaker, that the price of the cream separator on the Canadian side of the line was artificially held up by the imposition of the tariff of 1932.

There is also clear evidence given by Mr. Morrison of the International Harvester Company, when he said that his company could supply the agricultural implement requirements of the farmers of western Canada from its plant at Chicago, pay the duty and let the farmers of western Canada have these implements at less cost than they could be supplied at from its factory at Hamilton. Then, in reply to the Minister of Agriculture (Mr. Gardiner) Mr. Morrison stated that the amount of duty was decidedly a factor in the cost. I would prefer to have the statement of Mr. Morrison to the statement recently made by a member of this house. Undoubtedly the rate of duty is a decided factor in cost.

Furthermore, the evidence of all three companies shows that the cream separator has been loaded with heavier selling costs for commissions than any other typical farm implement. For example, in the case of the International Harvester Company the percentage for selling costs for commissions in the matter of cream separators is 28·17 per cent, whereas the average for all typical farm implements is only 15·89 per cent. In the case of the Massey-Harris Company there is a similar state of affairs; the commission percentage in the case of cream separators is 21·26 per cent, whereas the average for all typical farm implements is only 12·53 per cent.

Then, the evidence shows one other striking fact. Two of the companies are related to United States companies. The De Laval Company is affiliated with the De Laval Separator Company of New York, through shareholder control. The International

Harvester Company of Canada is a subsidiary of the International Harvester Company of the United States. These Canadian companies imported parts and materials for use in their factories in Canada. These parts and materials came in free of duty, and yet in each case the United States company billed its Canadian subsidiary or associate with the cost of production, plus 25 per cent. It has been stated that they followed this practice because of rulings made by Canadian customs officers. Whether the rulings are correct or incorrect, the result has been that the United States companies in each case have retained in their pockets this 25 per cent profit arising from Canadian business. This additional profit ought to have been used by Canadian companies for the purpose of reducing the price of cream separators and other farm implements made in Canada. In any event, this practice has produced profits for United States companies in the United States, at the expense of Canadians.

Furthermore the purpose of the tariff increase of 1932 has completely failed. I do not think I would be accused of unfairness if I were to say that the fundamental purpose of the Ottawa agreement of 1932 was to divert from foreign countries to the United Kingdom importations into Canada, so that our trade with the United Kingdom might be enlarged. But the imposition of the tariff has not helped the United Kingdom to any extent, and it has not served the purpose—

Mr. BENNETT: That is not what they say.

Mr. THORSON: —of keeping out foreign farm implements. With the leave of the house, if I may have it, I should like to put on Hansard a table showing the importations of cream separators into Canada, since 1929.

Mr. BENNETT: Giving the countries from which imported?

Mr. THORSON: Giving the countries from which importations came.

Mr. BENNETT: And the number of each?

Mr. THORSON: Yes, the number of cream separators and also their dollar value. The table is as follows:

Dominion Bureau of Statistics—External Trade Branch

Canada's Imports of Cream Separators

(Fiscal years ended March 31, 1929-1937)

Cream separators and complete parts, n.o.p.—

Countries		1929	1930	1931	1932	1933	1934	1935	1936	1937
From United Kingdom	No.	521	....	....	....	32	794	1,069	1,340	2,773
	$	11,862	....	....	....	1,374	34,702	41,451	60,970	96,544
British South Africa	No.	....	....	....	....	....	....	....	....	....
	$	....	....	....	....	....	....	36	....	....
Australia	No.	....	....	....	....	....	....	....	....	....
	$	....	....	....	....	....	....	....	71	....
New Zealand	No.	....	....	....	....	....	....	....	1	....
	$	....	....	....	....	....	....	....	135	....
Austria	No.	....	....	....	....	....	....	....	....	....
	$	....	....	....	....	....	15	....	....	....
Belgium	No.	2,494	1,844	2,653	....	....	....	250	32	258
	$	96,446	63,502	85,953	....	....	2,402	12,187	1,365	10,969
Czechoslovakia	No.	....	506	....	....	....	....	....	....	....
	$	....	23,300	....	....	....	....	....	....	....
Denmark	No.	7	13	8	1	3	2	20	77	6
	$	2,372	5,253	2,473	80	1,032	1,496	4,574	1,747	3,299
Finland	No.	1,172	1,076	916	105	179	37	109	....	82
	$	37,545	32,189	28,140	2,207	4,294	1,177	1,409	....	809
France	No.	....	165	....	....	....	....	....	....	....
	$	....	3,375	....	....	....	....	171	....	....
Germany	No.	618	643	279	567	443	330	208	450	709
	$	18,254	16,107	6,960	11,448	8,449	8,759	7,609	13,715	20,563
Sweden	No.	4,527	6,525	5,218	3,937	2,359	4,984	8,529	9,520	15,503
	$	100,532	129,926	106,701	103,663	41,891	78,574	149,641	178,036	288,843
Switzerland	No.	....	....	1	....	....	....	....	....	....
	$	....	....	366	....	....	....	....	....	....
United States	No.	10,112	11,238	14,763	5,920	3,177	4,848	1,963	653	1,063
	$	586,484	681,530	859,311	338,323	205,508	330,210	145,710	50,502	58,664
Total imports	No.	19,451	22,010	23,838	10,530	6,193	10,995	12,148	12,073	20,394
	$	853,495	955,182	1,089,904	455,721	262,548	457,335	362,788	306,541	479,691

I should also like to put on record a brief statement showing the production of cream separators in Canada from 1920 to 1936, giving the number made and their selling value at the works. The table is as follows:

Production of Cream Separators in Canada, 1920-1936

Years	Number	Selling value at works
1920	31,001	$1,683,634
1921	13,596	934,923
1922	15,895	727,655
1923	14,279	854,067
1924	11,155	724,909
1925	11,897	816,468
1926	17,649	1,096,215
1927	16,643	1,061,213
1928	14,921	995,237
1929	13,431	830,227
1930	8,616	568,695
1931	7,218	508,335
1932	3,324	203,201
1933	6,652	413,530
1934	9,963	675,165
1935	12,107	791,346
1936	10,902	710,003

These tables show that in 1936 approximately 12,000 cream separators were imported into Canada, approximately 11,000 were produced in Canada and only approximately 1,000 came in from the United Kingdom. It follows that in 1936 the United Kingdom supplied less than five per cent of the requirements of the Canadian dairy farmers for cream separators. Therefore, it follows that the Canadian dairy farmer has been penalized by this protection and duty to the extent of ninety-five per cent of his requirements. In 1937 importations of cream separators increased from 12,000 to 20,000 with an increase in value from $306,000 to $479,000.

The United Kingdom has not been greatly assisted by the imposition of this tariff. I understand that there are only two concerns in the United Kingdom that are engaged in the manufacture of cream separators. There is the Lister Company of Dursley which formerly handled a Belgian make of cream separator and which only recently has commenced to make cream separators itself. Then there is the Wolseley Sheep Shearing Company of Birmingham which engages in the manufacture of cream separators only as a side line.

Let us look at this table of imports of cream separators and consider the importations from Sweden and the manner in which they have increased notwithstanding the heavy duty of twenty-five per cent. In 1932 a total of 3,937 cream separators came in from Sweden. In 1933 the number dropped to 2,359. From then on the story is one of ever increasing importations. In 1934 the number of cream separators imported from Sweden had risen to 4,984; in 1935, the number was 8,529; in 1936 it was 9,520, and in 1937 it had increased to a total of 15,503. The tariff has not served to keep out Swedish cream separators. Why? The Canadian farmer needs a small separator. This small separator fills a need which cannot be filled by the United Kingdom and which has not been filled by Canadian manufacturers or operators of assembly plants. The De Laval Company admitted that they could not compete with the Swedish separators for a number of reasons.

Mr. McCANN: On what grounds?

Mr. THORSON: For a number of reasons. They have themselves imported Swedish cream separators to be sold as their junior model. The dairy farmer has to pay 25 per cent duty on every cream separator brought into this country. It is the small dairy farmer who is particularly affected and he is the one who can least afford to pay this heavy duty. The large dairy producer usually has a fluid milk contract upon which he can rely, but the small dairy farmer has nothing but his cream separator that produces his cream for which he receives his cream cheques.

I submit that there is no need for the retention of this duty. Whom does this duty help? It does not help labour to any extent. So far as cream separators are concerned, the De Laval Company is not a manufacturing plant; it is simply an assembly plant. The cream separator end of the business is a very small proportion of its total business. Mr. Breyfogle stated at page 1191 of the evidence that the cream separator end of the business was a comparatively small portion of its manufacturing. The amount paid for Canadian labour is only a small fraction of the cost of the cream separators assembled at the De Laval plant. For example, out of a total factory cost of $59.65 per separator, only $1.69 is paid to direct Canadian labour. What is the evidence with regard to the Massey-Harris Company? This company builds a 500-pound cream separator, which is their main separator.

Mr. MACDONALD (Brantford City): They build a small one now.

Mr. THORSON: I said it was their main one. This 500-pound cream separator represents only 2·2 per cent of their total volume of Canadian made implements. In the case of the International Harvester Company the percentage is even less.

Whom does the tariff then help? It helps only these four companies. It has helped the United States parent of the International Harvester Company and the United States associate of the De Laval Company to retain

in the United States profits from Canadian business which should be used to reduce Canadian prices. I have also heard that Canadian companies compete at Chicago, for example, with foreign cream separators. I have heard that they are able to make quotations in Chicago and have captured business from foreign exporters of cream separators. If they can do that, why do they require any such tariff protection as they now receive?

Mr. BENNETT: Was there any evidence of that?

Mr. THORSON: I was careful to say that I had heard that that was so. If that is so, then they require no protection from this parliament.

Whom does this tariff hurt? It hurts every dairy farmer in Canada. The Canadian tariff on cream separators is the highest of any country in the world. New Zealand is one of our chief competitors in the production of butter, and yet the New Zealand farmer gets his cream separator in free. We export cream separators to New Zealand, but the Canadian farmer who has to compete with the New Zealand farmer must pay 25 per cent duty on every cream separator imported into this country.

I wonder if hon. members realize the importance of cream separators to the dairy farmers of Canada? It is a matter of prime importance to them that they should be able to get the maximum butter fat content out of their milk. They are entitled to the benefits of all improvements that are made in cream separators anywhere in the world. It is essential also that they should get their cream separators as cheaply as possible. Dairy farming is the hardest of all farming occupations. It goes on every day in the year. The dairy farmer uses his cream separator twice every day and every day in the year. He is entitled to get as large a return as possible from his hard labour, and he is entitled to have his implements of production supplied to him at as low a cost as possible. The removal of this duty, Mr. Speaker, would lessen the costs of production of the dairy farmer. The removal of this duty would also do another thing: it would enable the independent dealers to handle cream separators, and they could do so at less spread for distribution, at less cost, than the large companies with their wasteful systems of distribution. There is no implement so necessary to the dairy farmer of Canada as the cream separator. We in western Canada are trying to build up mixed farming. We should have assistance in doing this. In eastern Canada mixed farming and dairy farming are their most important industries. Therefore every member of this house has a direct interest in this recommendation. He can help his dairy farmers by supporting the unanimous recommendation made by the special committee that cream separators be placed on the free list.

For the reasons I have stated, Mr. Speaker, I urge upon the government that it should carry into effect this unanimous recommendation of of the special committee on farm implements. The tariff of 25 per cent on cream separators has failed in its purpose. It has not served to help the United Kingdom to any great extent; it has not helped labour. The table that I placed on record shows that more cream separators were made in Canada before this tariff was imposed than are made in Canada now. The present tariff serves only as a bonus to a few companies, whose cream separator business is merely a small percentage of their total volume of business, and it penalizes a large and important class of primary producers.

The Liberal party is pledged to tariff reduction. On this item we expect the government to carry out its pledge. We have heard of compensating adjustments. At a later date in this session I hope that I may have an opportunity of saying something on the subject of compensating adjustments, but in respect of this item we want no compensating adjustments. We want this tariff removed altogether in accordance with the unanimous recommendation of the special committee, and we want it removed this session; for this is the first session in which the government has been free to act in the matter. The farmers of Canada generally will expect this recommendation to be carried out. I urge this, Mr. Speaker, in the interests of agriculture, and when I urge it in the interests of agriculture I urge it in the interests of the whole of Canada; for upon the welfare of the primary producer, whether he be farmer, fisherman, miner or lumberman, the welfare of the whole of Canada depends.

Mr. ROBERT FAIR (Battle River): Mr. Speaker, in Canada to-day as in all other countries of the world we have two types of farmers. One is the type that farms the land; the other is the type that farms the farmer. Whether it is my good or my bad luck, I belong to the type that farms the land, and I must say that for a number of years I have not been satisfied with my lot in that respect.

Under ordinary business conditions the farmer should first of all see to it that he

gets a decent living for himself before providing a decent living and luxuries for the farmer who farms the farmer.

Speaking a few moments ago, the hon. member for Brantford City (Mr. Macdonald) suggested that the farmers were enjoying pretty well the same standard of living as the manufacturers, although I do not think he really meant that. But if he wanted us to take it as truth we must dispute his statement flatly. Living in Alberta as I have for the past twenty-four years and farming all that time, I strongly disagree with that statement of the hon. member. Time after time in this house statistics have been given, showing the kind of home the western farmers live in, and giving the percentage of farm homes that have radios installed, that have running water, electric light, bathtubs, the number of farmers driving automobiles, and so forth. I do not think it is necessary to make any exception of the east or central provinces, because only two years ago we were told in this house by a practical farmer representing an Ontario constituency that when he wanted to take a bath he had to take it in a wash-basin, which goes to prove that conditions in Ontario among the farmers are not very much better, so far as domestic facilities are concerned, than they are in the west.

During the last war, when farmers were in a position to make a little money, with wheat prices going up, the government then in power undertook to keep the price of wheat down by bringing a wheat board into operation. But immediately the war was over and it was to be expected that prices might drop—and here the board could have been of considerable assistance to the farmer—the government saw to it that in a very short time the board was removed. For the other class of farmers we find that something to help them put their prices up and keep them up was not removed, but has been maintained ever since.

During the 1936 and 1937 sessions we had investigations into prices of farm machinery. I would not for a moment agree with all the estimates and figures which have been given to the committees that inquired into that matter. For a number of years we have been told that figures lie and liars figure, and from some figures which came out during that investigation I am inclined to believe that that statement is true.

Referring to the question of cream separators, which the hon. member for Selkirk (Mr. Thorson) dealt with just before I rose to speak, I should like to show the house this small part of a cream separator which I have on my desk. It is just a little piece, one of a number of pieces that go to make up a cream separator. No later than last month a farmer in Saskatchewan had to pay $1.65 for this little piece of machinery. In case some of the armchair farmers have not looked at it, I again hold it up for them to see, and if they want to examine it more closely it will be here on my desk. Back in 1932 it would take eight and a half bushels of No. 1 northern wheat to purchase this little piece of cream separator. According to dominion government figures, in 1932 it cost the farmer $8.07 to produce enough wheat to buy this little piece of separator. Yet we are told that the farmers are in a pretty good position and are not being soaked by the farmer who farms the farmer.

Going back a number of years to about the time I came to this country, we find that prices of farm implements were not anywhere near what they are to-day. I will instance just two necessary implements used not only in the west but in all parts of the dominion: The seed drill, with which you put in seed; and the eight foot binder, which you must use to take your grain off, provided you happen to have any. In 1915 the seed drill cost $147 and the eight foot binder, $165. For purposes of comparison I will use five year periods. In 1920 the drill cost $243 and the binder, $288; in 1925 the respective figures were $253 and $288. In 1930, when that burden of man-made depression struck the farmers and the workers generally with such violence, the drill still cost $252 and the binder, $283. We come to 1935, when we were paying a tariff on a 25 per cent basis; the drill then cost $237 and the binder, $262. These prices are all f.o.b. Regina. At the 1936 session a reduction of 17½ per cent was made in the tariff on farm implements, bringing the rate down to 7½ per cent. But see what happened. In the case of the drill we find the price had increased to $248, while the binder cost jumped to $280.

Some people say that the Conservatives are and have been the high tariff party; but in view of the figures which I have given, what difference does it make which party is in office? We have a cut in the tariff of 17½ per cent, and yet a net increase in the prices of these implements.

I join with other hon. members in asking the government at this time to abolish entirely the tariff on farm implements, and not on implements alone. I suggest that the government investigate the figures constituting the balance sheets of these companies, and where those figures lie, have them corrected; not only that, but the government should make

the companies sell at fair prices. Overhead and items of that order are padded, if I may use that term, and we find also that in industry there is such a thing as secret reserves.

As regards my own home town, I can quote from memory the prices of eight foot binders in 1935 and 1936. In the former year the price was $272.52 cash. After the 17½ per cent reduction which I mentioned a few minutes ago, the price had jumped to $290 cash. This refers to the product of the International Harvester Company. The profits of that company for 1935 amounted to $19,618,000, and for 1936, to $29,760,000. That corporation, like all the others, has been doing pretty well. During the investigation it was also found that a little secret reserve of $40,000,000 existed in the accounts of the International Harvester Company. I have nothing whatever against that company; but I am bound to say that there is every evidence of a combine among these machine companies, and I believe that if the government would investigate the financing of these companies, the secret manipulations of their assets, and so forth, they would be justified in making very substantial reductions in the prices of farm machinery. I am not pleading that this should be done because I am a farmer; for if the other fellow can get along, I am Scotch enough to get along too. But I believe everybody realizes that until the farmers of Canada are in a prosperous condition, the economic position of the rest of the country cannot be sound. At this time, I believe, the government has all the necessary information, and if it also possesses the pluck of which it talked so much prior to the election of 1935, it should not be necessary for us to finish this session without some drastic action having been taken to put the implement manufacturers in their proper place and to utilize them for their proper use.

Mr. J. J. McCANN (Renfrew South): At the outset I wish to congratulate the chairman of the committee who made this report on the thoroughness of it and on the manner in which the question was reviewed from every aspect. Perhaps, however, in making some of the representations, particularly when he included his own personal observations and recommendations with reference to what might be done, and did so at a time after the committee had risen, he may have misled members of this house and the Canadian people into believing that those expressions of his were the conclusions of the committee.

I do not entirely agree with him in some of his conclusions, more especially with reference to the requirements of western farmers in the line of general agricultural machinery. In his observations he says in part, as reported in Hansard of this year at page 1237:

> The annual requirements of farm implements in this country amounted to $51,700,000, and that during the period 1926-35, on account of the depression and farmers not being able to purchase their annual requirements, there had grown up in this country a backlog of requirements amounting to some $200,000,000.

Then he goes on:

> If this estimate is anything like correct and I think well within the mark, and if this backlog is to be taken up in the next few years, it will be understood that farm implement manufacturers have in prospect a period of large sales, probably equal to the days when western Canada was being settled. When we consider the financial statements of the implement companies during that period we find that they experienced very prosperous times. With that annual requirement of $51,700,000 plus the backlog of $200,000,000, hon. members will understand how vital this matter of price is to the farmers of this country.

I cannot agree with the logic of the statement that the backlog of $200,000,000 is likely to be taken up. The time is gone when those sales could be made, and to accuse the farm implement companies of being in a position or of attempting to take advantage of that is, to me, entirely illogical.

With the report, generally speaking, I am in accord. It has several recommendations which, if put into effect, surely should bring about those conditions with reference to farming to which the industry is entitled. However, I propose to speak principally with reference to recommendation No. 16, which has to do with the proposal to remove entirely the tariff on cream separators.

The hon. member for Selkirk (Mr. Thorson), referring to the Renfrew Machinery Company, manufacturers of the Renfrew separator, said that a questionnaire was submitted to them and that they paid no attention to it. I submit that the Renfrew Machinery Company had not sufficient time in which to compile the data necessary to answer that questionnaire. It is true they were invited to answer a questionnaire sent out by the auditor of the special committee on farm implements requesting information as soon as possible. The officials of the company proceeded to secure the necessary information and to compile it in the form required for submission to the committee, but before all the data could be gathered the sittings of the committee ended and parliament prorogued. The evidence and information which the Renfrew Machinery Company could have supplied were not given to the committee, and it is the suggestion of the company that certain facts should be brought forward—facts which might have altered the committee's findings.

Some hon. gentlemen in discussing this motion speak entirely from the standpoint of the farmers. I can quite understand their position because they represent entirely rural constituencies. But when one comes from a constituency that is part rural and part urban, one must take into consideration the needs of all the people in the constituency and not those of one set of individuals. I happen to represent a constituency that is partly rural and partly urban. The Renfrew Machinery Company in the manufacture of cream separators employ 225 people, most of them heads of families. Altogether there depend upon the company for support from 800 to 1,000 people in the town and from 1,000 to 1,200 people throughout the country. All these people depend upon that one particular industry for support.

Let me call attention to the policy of the Liberal party with reference to industry, the policy as enunciated by the Prime Minister (Mr. Mackenzie King) in the federal campaign of 1935. I myself heard him say—and he said it from one end of the country to the other—that it was not the intention of the Liberal party to destroy any legitimate industry. I submit that if the tariff is entirely removed from cream separators, that promise which was given to the people of Canada will not be implemented, because the Renfrew Machinery Company differ from other implement manufacturing concerns in that they are specialists in the manufacture of cream separators. They have manufactured over 50,000 of these machines, which are in use from one end of Canada to the other.

The committee in its recommendations contends that the farmers have a right to expect the price level of farm implements to be based upon the most economical and efficient manufacturing and distribution costs. It is apparent that such results will not be secured, so far as cream separators are concerned, by the implementing of recommendation No. 16. Such legislation would tend to destroy entirely the competitive factor in cream separator sales and prices, thus increasing the cost of the machine to the Canadian farmer and allowing exporters, particularly in Sweden, to secure still wider margins of excess profit at the expense of the Canadian consumer, the Canadian suppliers of this product, and their dependents.

The hon. member for Selkirk took pains to remind the house that the Swedish manufacturers could undersell the Canadians, but he did not say why. The hon. member for Brantford City answered that in his remarks. The reason is that in Sweden the labourers, artisans and mechanics work on an average for 19½ cents per hour as compared with 55 cents per hour and up, in Canada. If the hon. member for Selkirk wishes to reduce Canadian artisans and machinists to the level of those in Sweden, then he is alone in that particular wish. It is quite true that their machines can be brought into Canada at a lower price than that at which Canadian machines can be manufactured; nevertheless we have a duty to perform to our Canadian manufacturers, and particularly to those whom they employ, and we are not doing our duty if we allow our manufacturers to be undersold by Swedish manufacturers.

After all, this government has done a good deal for the farmers. Are we not treating the dairy farmers fairly when we attempt to get them a decent market for their products? The price of butter will prove to anyone that the dairy farmers are enjoying at the present time the best price that they have had for a number of years. Those who work for the Renfrew Machinery Company—and the same is true of other manufacturing concerns—are customers of the farmers, and they too are entitled to a fair wage with which to buy the products of the farm.

At six o'clock the house took recess.

[Mr. McCann.]

After Recess

The house resumed at eight o'clock.

POST OFFICE ACT AMENDMENT

NEWSPAPERS AND PERIODICALS—PUBLICATION OF NAMES OF OWNERS, STOCKHOLDERS, ETC.

Mr. T. L. CHURCH (Broadview) moved the second reading of Bill No. 20, to amend the Post Office Act.

He said: Mr. Speaker, this is commonly known as the newspaper bill. This legislation was introduced into the house in 1909 by one of the most prominent members of the Liberal party, a great, patriotic citizen, the late Hon. Mr. Lemieux, who so ably presided over this house for many years. It is the law in England, the United States and Australia.

This bill has been before the house since 1925. It came up in that year and in 1926; in 1927 it passed the House of Commons unanimously. It was brought up in 1928, 1929, 1930 and 1935, and now it is being brought forward once more in 1938. That makes eight times it has been introduced in this house. In the other place this bill has been rejected, but no grounds have been given for that rejection. This bill is valid, as was decided by the Supreme Court of Canada the other day in connection with the Alberta legislation.

Mr. Justice Cannon on behalf of the court delivered a strong judgment, in which he said that the Alberta press bill was an invasion of the field of criminal law and a retrograde step to an early day when any criticism of the government was a crime. Mr. Justice Cannon said:

> The federal parliament is the sole authority to curtail, if deemed expedient and in the public interest, the freedom of the press and the equal rights in that respect of all citizens throughout the dominion.
>
> These subjects were matters of criminal law before confederation, have been recognized by parliament as criminal matters and have been expressly dealt with by the criminal code.
>
> No province has the right to reduce in that province the political rights of its citizens as compared with those enjoyed by the citizens of other provinces of Canada.

The subject matter of this bill has been before the house for many years. As is well known, the object of the bill is to identify the ownership of the newspapers. For many years past the newspapers have been coming to parliament and securing privileges. Prior to 1882 newspapers were carried free by the Post Office Department. This bill requires what is the law in England, the United States and Australia, namely, a sworn statement of the names of the owners, editors, publishers and stockholders of every newspaper, magazine, periodical or other publication, which shall be filed with the Postmaster General semi-annually. It is not proposed that the Postmaster General shall say what shall appear in the newspapers. That is for the editors or the directors to say; but the Postmaster General is in charge of the administration of the postal laws of this country, and he possesses the same privileges, rights and functions as are possessed by the Postmaster General of England. He may deny the use of the mails to anyone he wishes, without giving any reasons at all. There is in my bill an exception covering religious, fraternal, temperance, scientific and other similar publications, and it is not necessary to file the names of the small stockholders, those owning less than one per cent of the total amount of the stocks, bonds, mortgages or other securities. Any publication which fails to comply with these provisions is to be denied the privileges of the mails. Paid advertising shall be plainly marked, and statements required under the act shall be made in duplicate and delivered to the Postmaster General, who shall make regulations for carrying out the provisions of the act.

I introduce this bill solely in the public interest and in the interests of the press of a liberty-loving country. The bill speaks for itself. It passed the House of Commons unanimously on a previous occasion, but was turned down in another place. There are some thirty-six newspapers in Canada which are in favour of the bill; I need not cite them. This legislation is also supported by the assistant postmaster general of the United States, whose letter will be found in Hansard for 1935. He states:

> The purpose and intent of the law is to discover the real owners of publications entered as second-class matter and to let the public know who controls the editorial policies of the publication. It has been helpful in many instances where it was necessary to ascertain the actual ownership of publications and has also been beneficial in the case of daily publications which are required to show the average daily paid circulation in correcting the practices of some publishers in representing to advertisers a greater circulation for their publication than actually obtained. The law on the whole has been beneficial in its effect.
>
> The law embodied in paragraph 2 of the above mentioned section, requiring editorial or other reading matter for the publication of which money or other valuable consideration is paid, accepted, or promised to be marked with the word "advertisement," enables readers to determine what is advertising and what is reading matter, and since the advertising portion of publications entered as second-class matter, with certain exceptions, is subject to postage at graduated zone rates, according to distance, the rates ranging from one and one-half cents a pound for the first and second zones to seven cents a pound for the eighth zone, while the reading portion is subject to postage at the flat rate of one and one-half cents a pound, regardless of zone, it also facilitates the collection of the proper postage.

So there is a bonus, a subvention, a subsidy given the press through the Post Office Department.

Now, Mr. Speaker, I wish to say a few words on the principle of the bill, because that is all I can deal with on second reading. I cannot go over the various clauses until the bill reaches committee, but I would submit that it is undoubtedly within the jurisdiction of this parliament. I would go further and say that chain newspapers in this country are sounding the death-knell of democracy and of the party system in Canada. If this goes on until 1940 those newspapers will bring about the end of the party system of government. It is not in the interests of the people that we should have these chain newspapers sending out chain letters from Ottawa, one to a Liberal newspaper and another, containing the same subject matter, to a Conservative newspaper, so that the people do not know who is behind it. A few years ago the Canadian Press—I think it is still in existence though I do not know where it is this year—was given a subsidy of $50,000 a year. That was questioned in the house in 1919, when

Sir Thomas White defended the vote. I believe the two major parties, as well as the other parties to my left, are entitled to have their views presented fairly in the newspapers of Canada. In Ontario the two great parties had that right from the time of confederation, but recently it was taken away. In some newspapers only one side is presented. In my opinion the Canadian Press is just a "me, too" organization. It supports the government of the day, whatever the government of the day happens to be.

Public opinion is not going to be always silenced in the province of Ontario by chain newspapers and so on; the political parties are entitled to place their views and policies before the people. That is what newspapers are for. A newspaper is, or should be, more than a mere business, though of course there is the business side to it and the most important of all to them. I sympathize with the newspapers in the increased cost of production, and I pay tribute to what the newspapers have done during war times and other periods of unrest. As reported at page 2473 of Hansard of 1935, I paid a great tribute to the press of this country. I said:

> The contribution which Canadian newspapers made to the community, the country, education, social benefit, the satisfactory outcome of the war and during the depression; what it did to promote the cause of the poor and needy and of charity and philanthropy and to further every worthy movement on behalf of the soldiers and of the nation at large was invaluable and finds its place on the proudest pages of Canada's history. It was the press that helped very largely to restore Canada to her normal position. Nor can one say too much for the honour and integrity of the press of Canada. The tendency of our Canadian newspapers is decidedly forward, and not backward, and notwithstanding the high cost of material and labour and the depression and the social situation their prospects are bright. I have no doubt that the genius of our newspapers will help to make this country great industrially and socially and in every way, so that Canada will march triumphantly on from strength to strength.

Since that time the position has been to some extent modified. The newspaper is the only medium through which public opinion in the country may be expressed. In that connection possibly I should except the radio. If the free press goes, so go liberty and freedom. Freedom of the press is a social and economic necessity, and was never more necessary than it is to-day. It is essential in connection with popular education.

All the gold in the world will not buy public opinion in Canada. I am sorry that the old Toronto Globe, the organ of George Brown, has since been sold, and has been swallowed up in a merger with the Mail and Empire, a rather independent paper. We all know about the late Harry Anderson, the Jaffray family and others who stood for high principles. We might not have agreed with them, but I can tell the house that I introduced the bill because of remarks made to me by the late John R. Robertson, the great battling editor of the Telegram, a patriot and a man who stood for freedom and liberty of the press, and who worked all his life so unselfishly for the common worker, the forgotten man in Canada.

Second, there was H. W. Anderson, the late brilliant editor of the Globe, a Liberal, a man respected in this country. Then, third, and not least, the late Speaker of the house, the Hon. Mr. Lemieux, who deserved credit in connection with this newspaper bill. These three gentlemen persuaded me to take up this work, and I have worked on it for eight years.

In that time there have been newspaper mergers, newspaper chains, and as a result some of the press has been silenced. We have what I would call newspaper cannibalism in Canada. They have been gobbling and swallowing up papers all over Canada. In connection with this newspaper cannibalism may I refer to what the late Speaker of the house, the Hon. Rodolphe Lemieux, said in 1919, as reported at page 1563 of Hansard of April 16 of that year.

> Let me give a case in point. The Montreal Herald, for over a century, was an old and faithful adherent of the Liberal party. It was the old, recognized organ of the Liberal party amongst the English-speaking minority of my province. It had a large clientele. Suddenly, after the election of 1911, Mr. Brierly who had become the proprietor of that paper, mysteriously sold it first to Mr. McGibbon, then to Sir Hugh Graham, who afterwards became Lord Atholstan, both being Tories. But Mr. Brierly was the mask; he was still generally supposed to be the owner. One day Mr. Brierly disappeared. As I said, he first sold the paper to Mr. McGibbon and Mr. McGibbon finally sold it to Lord Atholstan, and during all that time the paper retained the appearance of being a Liberal paper, whilst it was kept in existence by Lord Atholstan, only to prevent a rival from coming into the field against the Montreal Star. This was disclosed in a celebrated case in Montreal, and the respectable English-speaking Liberal people of Montreal were shocked to find that such a game had been played at their expense.

In connection with that particular newspaper may I say it was admitted by a gentleman in another section of this building that for many years he was president of that paper, but did not know who owned it. That was admitted right in this building in another place when a similar bill was under discussion.

Newspaper cannibalism has descended on the county of York and the province of Ontario. The old independent newspapers, the old, country weeklies, have been put out of business by trusts and combines and through restraint of trade. They have driven the independent press, and the views expressed by that press, to the wall. That is the condition so great has been the pressure.

In the city of Toronto we used to have six newspapers. First of all the old Toronto World was driven to the wall. Recent events in Canada call public attention to the question of newspaper ownership and identity. The need for the present measure was never more felt than it is to-day. Where a newspaper owner's treasure is, there will his heart be also. He cannot serve God and mammon. He cannot serve two masters, as the Montreal Herald tried to do. The tied newspaper is a menace to democracy. As I say, if it gives only one side it will destroy the party system by 1940. A newspaper should have no tied financial interests to serve. Some trade journals and fashionable social weeklies may render service to the banks, and so on. But a tied newspaper has neither eyes to see nor ears to hear when it has the financial people behind it. It cannot speak out on an issue of the day. It cannot be loyal to the public, to its readers and at the same time to its financial, invisible backers. I believe it was Macaulay who said that John Wesley had said, in the early days of the new church, "You do not make rich men necessary to you." Those are words of wisdom in connection with a newspaper. A tied newspaper has to look to the invisible man behind the scenes for a statement of policy. The newspapers which are respected are those in the hands of old respected families, the sole concern of which is the operation of newspapers. The chains are the property of those whose outside interests are more important. They are just the loud speakers for the interests they represent.

I am not complaining about the three Toronto newspapers. We know who own them; their identity is well known. I am dealing with the press of Canada as a whole. At page 454 of Hansard for 1928, hon. members will find my observations on the second reading of a bill I introduced at that time in connection with newspaper ownership, and the arguments I adduced in favour of the bill.

The Hamilton Herald has disappeared. The London Advertiser, both morning and evening editions, and the Mail and Empire have all disappeared in a short time. The Herald was founded in 1889, and the Advertiser in 1863. The Mail, which ceased to exist on November 2, 1936, was founded in 1872, and absorbed by the Empire in 1883.

There has been a disappearance of newspapers in the larger cities of Ontario, Toronto, Hamilton and London, and the discontinuance of those newspapers has thrown many able newspaper men and fine citizens out of work. The name "Mail and Empire" was a name applied to a merger. The Mail was founded in 1872, as a spokesman for Sir John A. Macdonald and a supporter of the national policy. Then it continued operations until it was absorbed in 1937.

As I have said, since confederation the two old political parties had through the press a way of placing their opinions before the people of the provinces. They have had that means since confederation, but now it has been abolished. Money-bags may buy a newspaper; they may bring about mergers and chains; but they should not be allowed to buy public opinion in this country.

We must look at the way in which the liberty of the press has been interfered with in other countries. In the last few days news respecting Germany has been in the forefront. We know that Germany has had propaganda in British newspapers for twenty years. The Morning Post, one of the old patriotic newspapers, has gone. When it ceased publication, the last of the patriotic journals in England vanished. It has been taken over by another paper, the Telegraph. It is interesting to recall some of the speeches delivered at Nuremberg. It seems strange to hear these speeches boasting of what Germany had done delivered at a time when the Prime Minister (Mr. Mackenzie King) was visiting that country. This is what Doctor Dietrich said:

> Liberation of the press from the freedom of the press is one of the greatest historic feats which nazism and fascism have ever accomplished. We have wiped out this freedom of the press—and it is a most glorious achievement.

Is it not a topsy-turvy world when the great rulers boast of having enforced slavery upon their people? If the British Empire is dissolved, the whole world will be in darkness and our lives and liberty will be no more. The decay and decline of the freedom of the press are taking place the world over. There is, in my opinion, no longer any freedom of the press, nor is there any freedom of the pulpit, the legislatures or the universities. We can say nothing right here in this house about foreign affairs; no newspaper will mention foreign afairs; but on Sunday I heard over the radio representatives of United States papers relate what this parliament was going to do in regard to foreign affairs. That is what happens when we are afraid to open our mouths in this house in connection with our foreign policy.

The press of this country are largely to blame for the present state of foreign affairs. With five or six exceptions they failed in their duty. They have all been ready to give lip service to the League of Nations which is now bankrupt, and they have been giving this service for seventeen years. They allowed the finest army and air force and fleet in the world to be scrapped for the benefit of Germany. They encouraged and allowed the armies of France and England to be decreased while Germany was rearming. In my opinion the press, with five or six exceptions, are not doing their duty.

It is interesting to note that the same element is to be found in Great Britain. They are trying to foist a political Anglo-American treaty on the people of that country. This United States agreement will destroy the dominion and the British Empire, and great harm will be done to that Anglo-Saxon federation known as the British Empire. I believe this parliament should do something about the railway situation. I am not going to allow the Canadian National Railways to be thrown to the wolves of private ownership on the urging of newspapers. I believe this parliament should meet this problem as they have done in England and solve it as they did there without anyone losing his job and thus put an end to the $40,000,000 annual deficits.

I do not wish to take up too much time, but I should like, in conclusion, to refer to one or two matters. The Supreme Court of Canada, in upholding the liberty of the press, has rendered a good service to the country. Its decision was that the Alberta press legislation was ultra vires of that legislature. I should like to refer briefly to a report of a special committee of the United States senate which investigated lobbying activities at Washington. Before I quote from this report let me say that a similar condition existed in this country in connection with the evidence given before the mass buying committee. One newspaper was told that if they did not stop referring editorially to the proceedings before that committee certain advertising would be taken out of the paper by big interests. According to the evidence given before this committee of the senate, a similar state of affairs existed in Washington. This investigation was carried on in connection with the president's bill practically to dissolve all holding companies. It was revealed that the duPonts, the Morgans and the Youngs had $12,000,000,000 invested in holding companies. The public utilities power ring attempted to intimidate the New York Times, which was told to stop its criticism of the public utilities or certain advertising would be taken from the paper. I quote from page 987 of the evidence before the United States senate committee as follows:

The Chairman: Well, I might refresh your recollection. Do you remember a telegram that appeared—do you remember an editorial that appeared there that you thought did not show the right spirit on the part of the New York Times, which brought about a desire to consider cancelling advertising with the New York Times?

Mr. Hopson: Yes; I remember that I told our people over the telephone that I thought that the New York Times with their editorial policy on public utilities did more harm than all the advertising we could do, did good, and I saw no advantage in putting any advertising in a paper which accepted the money of business corporations who were trying to protect the property of their investors, and then had editorial writers who had so little knowledge of the business and the problems which we were up against that they destroyed all of the advantage of it by half-baked editorials.

The Chairman: The long and short of it is that you told them to go and see about stopping those editorials or cancelling the advertising?

Which they did. Canada has been the happy hunting ground of these United States corporations. They have seized the public domain of this country and have control of the resources of our mines, the sea, the soil and the forests. They are able to intimidate our newspapers and they even came up here and intimidated the members of the mass buying committee. They went to one newspaper in this dominion and told them that they must stop writing editorials with reference to the mass buying committee or advertising would be taken away from them. That is the same state of affairs which this committee in Washington investigated.

I have no desire to be unfair to the newspapers. Probably my remarks would not apply to 95 per cent of the newspapers in this country. I have paid them a tribute before. The natural resources of this country are controlled by United States companies, and many of our industries have been underwritten in New York. The duPonts were referred to in the investigation at Washigton. They came across into Canada, and their influence was so great that the head of one of their companies was put in charge of the employment commission. Canadian Industries Limited has underwritten a number of companies in Canada engaged in production and distribution and agriculture. The head is one of the duPont industry in Canada.

I have about forty different Canadian editorials here which I could read in support of my bill, but I shall not do so to-night. Another investigation was held in Washington in connection with the newsprint paper industry.

That was in response to senate resolution No. 337. I do not say that conditions are altogether parallel here in Canada, but I know that in England the German ambassador, Joachim von Ribbentrop told Lord Halifax, the British Foreign Secretary, that he wanted these attacks in the British press on Germany to stop, and stop now, and then he flew back to Berlin. But he was told right in the House of Commons that Great Britain was a free country. He also protested to the United States last fall against attacks in the New York press, and they told him the same thing, that the United States was a free country; and that the government could not control the press.

This bill, Mr. Speaker, has been before the house eight times. I can show that the bill is intra vires. I can cite the opinion of the Minister of Justice in 1935, the Hon. Hugh Guthrie, who, when he was asked by the hon. member for Comox-Alberni (Mr. Neill) whether subsection 2 was intra vires, replied:

> I have no objection to expressing my own personal opinion, but I believe it is the rule that it is not proper to ask for legal opinions from the Minister of Justice in regard to these matters. However, I think that the section referred to is within the competence of this parliament if it sees fit to enact it.

When the bill is in committee I shall be glad to answer any questions in regard to the clauses of the bill.

Hon. W. D. EULER (Minister of Trade and Commerce): Mr. Speaker, as the house in the session—

Mr. CHURCH: Would the minister defer answering for four or five minutes so that others may speak?

Mr. EULER: I have no objection to any other hon. member following me, but perhaps my hon. friend will be satisfied with what I have to say. I was going to say that as the house in the session of 1935 accepted unanimously a measure proposed by the hon. member for Broadview (Mr. Church) in terms practically identical with this one, the government has no objection to the bill now under discussion.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

CRIMINAL CODE

AMENDMENT TO PERMIT SWEEPSTAKES ORGANIZED BY PROVINCES FOR BENEFIT OF UNIVERSITIES OR HOSPITALS

Mr. ERNEST BERTRAND (Laurier) moved the second reading of Bill No. 28, to amend the criminal code.

He said: Mr. Speaker, this bill is to amend section 236 of the criminal code, by repealing paragraph (e) of subsection 6, which is an exception to the holding of lotteries in Canada, and replacing it with the following:

> (e) sweepstakes organized by the government of a province of Canada by or under a law of the legislature of such province: Provided there shall not be held more than one sweepstake in any province in each calendar year, and provided also the net proceeds of the sweepstake shall be applied exclusively to or divided amongst recognized and legally constituted universities and/or hospitals of the province as may be determined by the said province.
>
> For the purposes of this paragraph "sweepstake" means a gaming transaction on horse races in the United Kingdom or in Canada and authorized by the legislature of the province of Canada in which the sweepstake is organized.

This question has been debated before in this house. In 1934 the subject was debated when a bill that had passed the senate came before the house. My idea is that the senate is about the same as it was in 1934. Any changes that have taken place in it might or might not be for the better, according to whether we sit here or in another section of this chamber. But the house itself has changed a great deal, and, I would say, for the better.

This is not a political bill. It is a bill on which I understand we can speak our minds, whether we sit on this side of the house or the other.

In the province of Quebec a law was passed in 1934 permitting the operation of lotteries. It is still on the statutes but can not come into operation without an amendment to the criminal code permitting each province to pass a similar law. In the city of Vancouver a plebiscite was held on this question in 1934, with the result that those in favour of lotteries numbered 25,735, as those against, 9,777. I know that in the province of Quebec nobody protested against the law passed during the regime of the late provincial government, and if a plebiscite were held there I am quite sure the result would be almost unanimously in favour of the statute.

The Trades and Labour Congress, on February 14, 1934, also passed a resolution favouring lotteries controlled by government, and that organization represents about 200,000 working men in Canada.

It is a coincidence, Mr Speaker, that the province of Quebec, which has already passed a law for the operation of sweepstakes, and that Vancouver, the metropolis of British Columbia, by plebiscite, should both favour sweepstakes by a large majority, for only a few years ago Quebec and British Columbia

were the first two provinces that dared pass a law for government control of the liquor business. How viciously were they attacked all over Canada for that, and not only in Canada but in the United States! Yet to-day, after a lapse of only a few years, all the other provinces of this dominion have followed the example of Quebec and British Columbia, and the federal government of the United States has also followed suit.

The first reason why I am presenting this bill is to put an end to illegality. Lotteries are being held in Canada whether we like it or not. In Montreal, which is no better and no worse than any other city, we can buy lottery and sweepstakes tickets in every club. They are sold in every club in the city. All the brokers are selling them. Janitors of big buildings have them for sale; not only that, but in many buildings they go from one tenant to another asking him to buy tickets. The elevator boys in downtown buildings have them for sale. If we wanted to stop the sale of these tickets our combined mounted, provincial and municipal police would not be numerous enough; we would have to enlarge the gaols of Quebec to lodge there all those who have been selling and purchasing tickets. Tobacco stores at the corners of the large streets have them for sale, and I know a lot of people who are buying them.

Mr. EULER: Members of parliament?

Mr. BERTRAND (Laurier): Even members of parliament. If lottery tickets can be sold in this open fashion in the metropolis of Canada, and if such large amounts of money are going out of the country every year, why not divert the business and get the money for charitable institutions in Canada? It seems to me that this paragraph which I ask should be replaced, in section 236, has the effect of enabling a levy to be made on Canadians in favour of Great Britain and Ireland. Our prohibitory law does not prohibit this business; as it stands, it is a farcical law. Let me explain what I mean. Section 3 reads as follows:

> Every sale, loan, gift, barter or exchange of any property, by any lottery, ticket, card or other mode of chance, depending upon or to be determined by chance or lot, is void, and all property so sold, lent, given, bartered or exchanged, is liable to be forfeited to any person who sues for the same by action or information in any court of competent jurisdiction.

Quite often I have seen reports in the Montreal newspapers that the morning after the drawings of the Irish sweepstakes, relatives of persons who had won tickets ran to court to lay an information against their relatives in order to protect them from action by strangers to have the money confiscated.

Mr. BENNETT: It now goes to the crown.

Mr. BERTRAND (Laurier): Yes, that is right. To-day that is so, but a few years ago it was not the law. Speaking as one who has been crown prosecutor in Montreal for seventeen years, I must admit that lately the crown has never had a chance to secure the confiscation of amounts coming to persons who have won tickets in the Irish sweepstakes.

To-day there are thirty governments sponsoring lotteries; and curiously enough, England and the United States, where lotteries are prohibited, indulge in them to a larger extent than any other countries in the world. A few years ago a royal commission investigated the sale of Irish sweepstake tickets in England, and reported that for the first eight sweepstake drawings—and there are three drawings a year, so this happened in a little less than three years—£18,745,000 was sent to Ireland by residents of England. When I reflect that over $90,000,000 was sent to Ireland from England in so short a time, I think that sweepstakes should be allowed in England. In Canada there has never been a royal commission to investigate the amount of money that is withdrawn from the country in this manner; but we know that in four years $3,000,000 has been paid in prizes to Canadians by the Irish sweepstakes alone, and I think we can justifiably arrive at the conclusion that five or six times that amount has been sent to Ireland for the purchase of sweepstake tickets.

There are thousands of persons who do not pay any taxes, and if this bill were passed almost everybody, even the unemployed, would readily buy a ticket to take a chance on a sweepstake for the benefit of our hospitals and universities.

I pointed out a few minutes ago that in Vancouver a plebiscite showed that 25,735 people were in favour of sweepstakes and only 9,777 against them. If this bill should be defeated, and if another bill were passed asking for a plebiscite to be held at the same time as the next general election, I am quite sure that a very large majority would favour sweepstakes.

Mr. WOODSWORTH: The Liberals might make that a new plank in their platform.

Mr. DUPUIS: It would be very helpful to the Cooperative Commonwealth Federation.

Mr. BERTRAND (Laurier): The hon. gentleman is suggesting something that we on this side of the house do not need. We simply refer to the last general election. We are satisfied with the progress that we have made.

Mr. BENNETT: Forty-six per cent of the voters.

Mr. BERTRAND (Laurier): A large number of tickets have been seized during recent years in the principal cities of Canada; but as the law is applied, the police seized the lottery tickets after some of them had been sold for some time, with the result that the lotteries did not take place and the promoters retained the money for the tickets which they had sold. Action of this kind does not repress crime; it is rather an encouragement of it. I sometimes ask myself whether or not the good-for-nothings who are profiting by this system are going to fight the bill affecting this matter, and I am more convinced that, if these good-for-nothings oppose it, the bill is good legislation. Those who would be most opposed to it are those who have been illegally holding lotteries and sweepstakes all over Canada. Some of them are operating in the north country, in the bush, around Lac Tremblant, north of Montreal; they are selling their tickets not only in Canada but all over the United States.

If this law were passed, it would provide large sums to all the provinces for universities and hospitals. I know that every one in this house thinks this bill is intended perhaps to help the university of Montreal. I readily admit that fact, and I ask hon. members who are fortunate enough to come from provinces in which there are universities with rich foundations, universities that do not need to appeal to the poorer sections of the community for assistance, to give favourable consideration to the university of Montreal when they are called upon to cast their votes. After all, universities like Oxford, Harvard, the university of Paris, were all started on lotteries; yet to-day these institutions are not looked down upon because they were born in sin, so to speak, if we do think, as some of our fellow-countrymen do that lotteries are sinful. In the Reader's Digest there appeared, some time ago, an article in which the calculation was made that the sum of three billion dollars was taken out of the United States in three years by foreign lotteries. This does not include the bootleg lotteries operated in the United States. In one instance $17,000,000 worth of tickets were seized, and according to certain figures quoted before an inquiry held in New York I understand that $8,500,000 worth of lottery tickets are sold in New York and New England a month.

We hear a good deal about the moral aspect of lotteries. Well, I respect all opinion so long as it is sincerely expressed; I even respect the opinions of those who are not of my race or religion. I do not believe, however, anyone can argue that sweepstakes held for the benefit of hospitals or universities are immoral in themselves. After all, if the lotteries are immoral—and I do not admit that they are—they have been permitted for a considerable time in our criminal code, where the object to be won represents less than fifty dollars; and through this section I am seeking to have replaced I do not think that matters will be made any worse.

I have here a book by H. M. Muller on Lotteries. May I read a short passage from it. It is very well written, though I do not think I would go quite as far as this writer does. He says:

> A parliament which declines, on grounds of public morality, to countenance national lotteries, while drawing revenue from the drink traffic, and taking toll from public gambling on horses—

He adds dogs, but in Canada we have no dog races.

> —is guilty of muddled thinking, or hypocrisy, or both.

These are very strong words, and while I would not be prepared to go quite as far as this author does, I quote this passage because I think it is well for every hon. member as well as the public outside to know exactly what other people think about the subject.

I have received a large number of letters, newspaper clippings and resolutions passed by labour unions and municipal councils all in favour of the bill. I have also a statement on gambling and lotteries which has been sent to all the members by the Social Service Council of Canada. As I said a few minutes ago, I respect all opinion, but I find one reason given in this statement which I think should be aired. Let me read it:

> Churches, not supported by the state, had to develop a sense of financial responsibility in their membership and created sacrificial giving. To-day, the demands made by the government in various forms of taxation and the multitudinous appeals for secular charities tend to reduce that kind of giving which is created in a sense of religious obligation to meet the needs of our fellow men. It is increasingly difficult for the churches to appeal to the sense of stewardship, and if, to all the other difficulties, that created by the establishment of national or provincial lotteries is added—

This is what I wish to emphasize particularly—

> —the springs of genuine philanthropy will be dried up, and with it the sense of personal responsibility for the well-being of our fellow-citizens.

I do not think the argument is sound that we should not have national lotteries or lotteries held under the authority of the prov-

inces, lotteries for charitable purposes, because the churches are afraid that they will not receive as large sums from their adherents. I do not think the reason is a good one, either from the point of view of the churches themselves or from the point of view of the hospitals and universities. After all, if everyone has a chance to buy a ticket, knowing quite well that his chances are very small indeed, in fact that he has practically no chance of winning, and chooses for the mere pleasure to take that chance, believing that at the same time, even if he loses, he is helping some hospital or university, how will that prevent millionaires from making donations to hospitals and having their own names commemorated in connection with a pavilion or something of that sort? I trust that some better reason can be advanced.

FARM IMPLEMENTS COMMITTEE

MOTION FOR CONCURRENCE IN SECOND REPORT PRESENTED APRIL 8, 1937

The house resumed consideration of the motion of Mr. Johnston (Lake Centre) for concurrence in the second report of the special committee appointed to investigate farm implement prices, presented to the house on the 8th of April, 1937.

Mr. McCANN: When the house rose at six o'clock I was speaking to the motion of the hon. member for Lake Centre (Mr. Johnston) for concurrence in the report submitted by the special committee appointed to investigate farm implement prices. I said that while I concurred in the major part of the report, I did not agree with recommendation No. 16 with reference to cream separators. That recommendation is that the tariff on these machines be eliminated. I pointed out that this was a fact-finding committee and that it did not have all the data upon which to make the recommendations which it submitted in its report.

In addition there were also recommendations on matters which had not come before the committee at all. I pointed out that in a matter of this kind, although it is assumed to affect the farmers in dairying communities more than anyone else, consideration should be given to those persons in urban communities who manufacture these farm implements. I was making particular reference to the Renfrew Machinery Company who, I may say, are specialists in the manufacture of cream separators. As you are aware, Mr. Speaker, in 1932 the previous government put a tariff of 25 per cent on the importation of cream separators. I want to show that, though one would expect a manufacturer of this commodity to take advantage of that tariff in order to increase prices, the Renfrew Machinery Company took exactly the opposite course. Let me read a letter which they sent out in June of 1933, the tariff having been imposed in September, 1932. This circular letter reads:

Change in Selling Policy—Lower Prices Authorized!

Dear Madam:

We are very pleased to be able to announce to you that an entire and radical change in the sales policy of this company has been authorized by our directors to become effective right away. This change has been brought about by the fact, that the prices of farm produce have fallen to such an extent, that they are now completely out of line with the prices of farm equipment, hence the necessity for substantial reductions in prices of such equipment.

The question arose as to what method could be adopted to reduce the costs of marketing our products, namely cream separators. . . . Finally we decided on a new method of selling and by so doing we are able, not only to make a reduction but to bring the prices on Renfrew lines down to a level entirely in keeping with the present returns from farm produce. Incidentally, there are other advantages in the new system that you will find most beneficial.

This method will also improve our service to our customers and, furthermore, we can assure you that in lowering our prices we are not changing in any way whatever the quality, workmanship or material going into our goods. We are reducing our costs in selling, not in manufacturing. We positively guarantee to our customers the same quality of goods that this company has been noted for during the past twenty-five years.

In my opinion that conclusively demonstrates that this company did not take advantage of the tariff which was imposed, but rather passed on to their customers any advantages that existed. In order to substantiate that statement I want to quote some of their prices in 1932 and 1933, indicating the reductions both in dollars and in percentages. The type of machine called 12-K sold in 1932 for $93. In 1933, after the tariff was imposed, it sold for $67, a reduction of $26, or 27·9 per cent. Type 14-K sold for $105 in 1932 and $69 in 1933, a reduction of $36. Type 18-K sold for $125 in 1932; the price was reduced to $74 in 1933, a reduction of $51, or 40·8 per cent. The picture is the same in three other lines; reductions were made running all the way from 26·6 per cent to 36·1 per cent. This, to my mind, is sufficient to justify the statement that this company, who specialize in the manufacture of cream separators and who are not general manufacturers of farm implements, did not take advantage of the tariff in order to increase their prices, as it is often claimed that other companies do.

In his remarks the other day the hon. member for Lake Centre (Mr. Johnston) said that the policy of the implement companies had been continually to increase their prices, and that they had put on an increase only last November. I took particular care to find out from the company of which I am speaking what their action was in this regard last November. In reply to a letter written to them a few days ago I received this communication this morning:

> We did not increase our prices in the fall of 1937, as was inferred by the member for Lake Centre. . . . We understand other manufacturers of cream separators have increased their prices for 1938. We are just now completing the compiling of our 1938 price list, to become effective about March 15th or April 1st, and we are not increasing our prices on cream separators.

Here again they have demonstrated that they are not taking advantage of the tariff which now exists in order to pass on an increase to the users of these agricultural implements. It is true that on occasion they have increased the prices of cream separators, but those increases were due entirely to increases in the price of materials.

Now let me briefly review the cream separator field in Canada. Some idea of the extent of that industry in this country may be obtained when I say that in 1936 there were 10,985 separators manufactured in Canada, while 17,077 were imported. Of this total of approximately 28,000 machines comparatively few were used for export purposes. For the purposes of the present discussion the figures indicating the number and value of the machines manufactured in Canada or imported into this country during the calendar years 1933 to 1936 inclusive will be given. Figures are not available to show the number of machines made in Canada and exported during those years, or figures showing the number of machines imported and later exported, but such information would not be of special value at this time. In 1933 the number produced in Canada was 6,652, with a value of $431,530. In 1934 there were 9,963 separators produced, with a value of $675,167, and in 1936 the production totalled 10,985, with a value of $717,969. These figures are taken from a commodity bulletin issued by the Dominion Bureau of Statistics. The bulletin also indicates that five firms in Ontario produced cream separators in 1935. The figures for 1936 have been taken from a letter from the Dominion Bureau of Statistics dated June 3, 1937. In 1933 there were 9,560 separators imported: From the United Kingdom, 535; from the United States, 4,235; from Germany, 427 and from Sweden, 4,234.

Now I am going to jump from 1933 to 1936, when the total number imported was 17,077, with a value of $412,706. From the United Kingdom there were 1,994; from the United States, 958; from Germany, 577; from Sweden, 13,174; and from other countries—Belgium and Denmark—something over 200. The Canadian separator market, by virtue of its close relationship to the huge Canadian dairying industry—it is actually a branch of the dairying industry—is much more extensive even than the above figures indicate. The number of farmers in eastern Canada owning cows stands at about 329,000. The number of farmers in eastern Canada using separators is approximately 80 per cent of that number, or 263,000. The number of farmers in western Canada owning cows is 209,000 odd, and of those using separators is 167,000, or approximately 80 per cent. The total number of farmers in Canada owning cows is about 538,000, and of those using separators 431,000.

Every farmer with a cow is a prospect for a cream separator sale. The sale of new separators is not the only factor which interests the supplier or user of separators. Repairs and replacements are of paramount importance, and are constantly to the fore. A farmer uses a cream separator usually twice a day, every day of the year. The result is a large annual demand, from necessity, for replacements. The average recognized life of a cream separator of the quality made by the Renfrew Machinery Company, and similar machines, is approximately ten years. Obviously if one machine is better looked after than another, with respect to care of operation and so on, it will outlive the machine which has not been given as good attention, or even abused.

I should like to point out the value of this industry to Canada. An analysis of this situation indicates that the annual cream separator replacements call for 43,127 machines. The manufacture and sale of over 43,000 separators annually represent an industry of considerable importance. The supply houses affected, the transportation costs, handling charges, and so on, of raw materials, as well as of finished products, together represent the employment of a large number of Canadian workmen, as well as put a great deal of money into circulation throughout the country.

To supply the annual demand for over 43,000 cream separators in Canada is an industry that quite properly belongs to Canadians. Surely Canadian manufacturers of cream separators should be given sufficient protection by a tariff against foreign made

machines coming into this country, to prevent these machines from continuing to come in at a very low valuation, for duty purposes, which from present indications appears to be what is happening, and then to be sold to Canadian farmers at long prices.

Surely 430,000 Canadian farmers who are using cream separators deserve to be considered sufficiently to permit them to buy these cream separators at the lowest possible prices. From the above it should be evident that the question of supply and demand or, in other words, the extent of the cream separator market or cream separator industry in Canada is not a small or insignificant one. The Renfrew Machinery Company is not so small or insignificant in its turn as perhaps the committee investigating it has been led to believe.

I should like to pass on from there and point out the policy which has been pursued with reference to the tariff. Prior to October, 1932, cream separators from all countries entered Australia free of duty. In the twelve months ended June, 1932, Sweden shipped 11,873 cream separators into Australia, valued at £98,000, or at an average value of £8 3s. 10d. each. In October, 1932, Australia imposed a duty of fifteen per cent ad valorem on cream separators from foreign countries, with the result that the average value of cream separators shipped from Sweden into Australia dropped to £7 7s. 10d. each. The quantity shipped from Sweden to Australia during the twelve months ending June, 1933, was 17,037 separators, valued at £132,220. This gives the average price of £7 7s. 10d. each.

Cream separators have been admitted into New Zealand free from all countries for a great many years.

Mr. BENNETT: They do not make them.

Mr. McCANN: No, they do not make them in New Zealand. In the calendar year 1932 Sweden shipped into New Zealand 7,958 cream separators which were valued at £87,953, equal to an average valuation of £11 each. No change was made in the tariff of New Zealand as a result of the imperial economic conference. Cream separators continued to enter New Zealand free of duty under all tariffs from any country, and in the calendar year 1933, Sweden shipped into New Zealand 3,847 cream separators valued at £45,010, showing an average value of £11 7s. 10d. each. These figures are taken from the New Zealand Statistical Report on Trade and Shipping. 1933. This latter figure should be compared with the former price of £11 to New Zealand and with the Australian prices of £8 3s. 10d. before the tariff and £7 7s. 10d. after the tariff.

The New Zealand publication, Statistical Report on Trade and Shipping, 1934, gives revised figures for the years 1932 and 1933. These figures show that in 1932 New Zealand imported 7,958 cream separators from Sweden. These were valued at £96,748 with an average value of over £12 each. In 1933 Swedish imports to New Zealand numbered 3,847, costing £56,262, with an average value of over £14. For 1935, figures supplied show that New Zealand imported 2,513 cream separators valued at £41,081, with an average value of over £16. These additional figures, which may be verified upon application to the Department of Trade and Commerce at Ottawa, indicate that the value of cream separators imported into New Zealand has been increasing year after year.

Similarly in the case of Canada, until after the imperial economic conference cream separators entered Canada free from all countries. In the calendar year 1932 Sweden shipped into Canada 3,030 cream separators, valued at $70,951. The average value converted into sterling at par is £4 4s. 5d. each.

In October, 1932, due to the imperial economic conference agreement, Canada imposed a duty of 25 per cent ad valorem on all foreign cream separators, leaving them free under the British preferential tariff. Yet during the calendar year 1933 Sweden shipped into Canada 4,234 cream separators, valued at $66,492, which equals an average valuation of £3 1s. 5d. each.

After the application of duty on Swedish cream separators, resulting from the imperial economic conference, the average invoice price to Australia and Canada was lowered by the amount of duty imposed, and the invoice price to New Zealand, where no duty was applied against Sweden, did not fall but increased.

Upon a review of these figures it is apparent, as it was apparent to some New Zealand people interested in this business, that the manufacturers themselves, instead of the dairy farmers of New Zealand, are benefiting by the admission of cream separators to that country free of duty.

These facts allow the conclusion to be drawn that the Swedish manufacturer is making the New Zealand dairy interests pay in part for the reduction in price that was made for Canada and Australia, after the tariff was imposed. I think it is logical to assume that if recommendation No. 16 of the committee is implemented, the same result will be achieved in Canada. That is, prices in Canada will rise immediately the Canadian manufacturers have been put out of business and that process may not be a very lengthy

one. The committee to investigate farm implement prices did not consider these broad and more serious features of the situation. Witnesses were not called to explain these features and this recommendation was made without the committee having all the facts before it.

I am of the opinion that, unless we have the competitive feature, the same policy will be duplicated in this country. If Swedish manufacturers are to be allowed to export their machines to Canada free of duty, they are going to put Canadian manufacturers out of business. What will they do when that competition is removed? They will duplicate their policy in New Zealand and Australia. When the Canadian manufacturers are out of business, prices will go up. It will be very difficult to induce Canadian capital and Canadian business men to go back into the business from which they have been driven. I submit that if the tariff is removed entirely in the guise of doing something for the dairying industry, in the long run the farmers of Canada will have to pay more than they would with competition in the country.

Mr. GOLDING: Did that happen before 1932?

Mr. McCANN: In New Zealand?

Mr. GOLDING: No, here in Canada.

Mr. McCANN: Did what happen? I do not understand the hon. gentleman's question.

Mr. GOLDING: What you describe as going to happen; did that happen before the tariff was imposed at all?

Mr. McCANN: They were not in business to the same extent in Sweden at that time. As I pointed out when I was speaking on this same subject, is it fair to the Canadian workmen to be placed in the same position as Swedish workmen? The average wage paid in Sweden is 19·5 cents an hour, while the average wage received by mechanics in this line of business in Canada is 55 cents an hour.

I want my position with respect to tariffs definitely understood. I am not a high protectionist, neither am I a free trader. I should like to take a medium course, not because that is the line of least resistance but because under our present economic system we must raise money by taxation to keep the affairs of the country going. With the customs tariff and the excise tax bringing in a revenue of approximately $100,000,000, no political party in this country will dare to come out and say that they are in favour of the removal of all tariffs. Such a policy would not be economically sound and it cannot be done.

Our artisans and mechanics and manufacturers are entitled to protection just as are our farmers. Our farmers are being dealt with fairly. I have found no particular criticism of this item from the farmers of Ontario. It appears strange to me that most of the criticism should come from the farmers of the west. What have the farmers of Manitoba, Alberta and Saskatchewan been doing these last three years? They came down here in 1936 and 1937 with empty carpetbags and took them back in the spring filled to the brim. They have come back again this year to do the same thing.

Mr. McLEAN (Melfort): Many of them live off the cream can.

Mr. McCANN: Yet they want to remove the only measure of protection there is for these manufacturers. I see that my time is nearly up, but I should like to make a suggestion in this regard. I suggest that the question of the duty on cream separators be referred to the tariff board to be inquired into in detail. I for one will be ready to abide by any decision they may make. If this particular recommendation is acted on and the duty is removed from cream separators, it will mean the closing up of the Renfrew Machinery Company. That will mean that 225 mechanics will be thrown out of employment and they and their dependents, totalling 700 or 800 people, will be forced on relief. It will mean that the 1,000 to 1,200 men who are out in the field selling these machines will have to look for other jobs. I think these are matters that the government might well take into consideration. I should like to remind the Liberal government, and the Prime Minister (Mr. Mackenzie King) in particular, of the assertion made prior to the election of 1935, that it was not the policy of the Liberal party to put any legitimate business out of commission.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, first of all I should like to join with other hon. members who have expressed their appreciation of the efficient and fair manner in which the chairman and officers of this committee conducted their inquiries. Having said that, I should like to discuss this matter from the standpoint of what I believe to be the declared policy of the present government. I realize that I am addressing myself to a Liberal government having the largest majority which any government has enjoyed at any time in the history of Canada.

Some hon. MEMBERS: Hear, hear.

Mr. COLDWELL: Some of my Liberal friends say, "hear, hear;" but lest we forget, I am going to quote from the tariff plank of the last national convention of the Liberal party.

Mr. FINN: That is our chart.

Mr. COLDWELL: Let us see how far you have kept to that charter.

Mr. FINN: Chart.

Mr. COLDWELL: I beg your pardon; I should have said "chart." I quote as follows:

That the best interests of Canada demand that substantial reductions of the burdens of customs taxation be made with a view to the accomplishing of two purposes of the highest importance: First, diminishing the very high cost of living which presses so severely on the masses of the people; second, reducing the cost of the instruments of production in the industries based on the natural resources of the dominion; the vigorous development of which is essential to the progress of our country.

That to these ends, wheat, wheat flour, and all products of wheat, the principal articles of food, farm implements and machinery and repair parts thereof; rough and dressed lumber, gasoline, illuminating, lubricating and fuel oils, etc., nets, net twines, and fishermen's equipments; cement and fertilizers, should be free from customs duties, as well as the raw material entering into the same.

Skipping a paragraph which is not material, I read this:

—and the Liberal party hereby pledges itself to implement by legislation the provision of this revision when returned to power.

That platform was adopted by the Liberal party in 1919, and since 1919 that party has been in power eleven years. I think it is noteworthy that the opposition we have heard in this debate to the lowering of the tariff or the elimination entirely of the customs duty on certain farm implements should come from hon. gentlemen who were elected to this house as Liberals. We are told from time to time that the fundamental difference between the Liberal and Conservative parties is that the Liberal party is low tariff while the Conservative party is high tariff. To-day we have witnessed the spectacle of Liberal members rising in their places and urging the retention of present tariff or tariffs.

The report now before the house cost the country a great deal of money. As a member of that committee and as one who is interested in the recommendations contained in this report, I should like to ask the house and the government what we are going to do now that we have the report and its recommendations. To-day various speakers have discussed features of the inquiry brought out during the evidence submitted last summer, and I do not propose to rehash what has been already said to-day. The hon. member for The Battlefords (Mr. Needham), the hon. member for Qu'Appelle (Mr. Perley) and others touched upon certain features which I had very much in mind myself.

But what stands out in the report, and in the discussion which led up to that report, was to me the tremendously great spread between the costs of manufacturing farm machinery and the price the farmer had to pay for it when he bought it. We asked the president of the International Harvester Company what he thought about the costs of distribution, and he admitted that they were too high. We asked him what he proposed to do about the matter, and he said they had been endeavouring to discover more efficient ways of distributing farm implements. I asked him, if the western farmers established cooperative societies for the distribution of farm implements, would his company, the largest in North America, supply the cooperative societies with implements for distribution? He evaded that question. But a little later in the inquiry the hon. member for Kootenay East (Mr. Stevens), at page 492 of the evidence, asked very definitely if the company would supply cooperative societies with agricultural implements, and the answer was a very emphatic no. Consequently I am particularly interested in the recommendation which deals with that very point. We recommend in paragraph 33:

That the committee is of the opinion that the cost of distribution of farm implements is unnecessarily high and constitutes an important factor in the prices to the consumers.

And in paragraph 34:

That the companies themselves should make every effort to reduce these costs or farmers should be encouraged to organize for the cooperative distribution and servicing of farm implements.

To me that is more than a pious hope, and in view of the fact that the farm implement companies have not yet attempted to reduce the admittedly high costs, but on the contrary have in some respects even raised them, I hope that the government in considering the report will make some recommendation to the house for the establishment of cooperative selling agencies at least for the distribution of farm implements in order that they may be distributed at prices more nearly in line with what they ought to be.

The hon. member for Brantford City (Mr. Macdonald) this afternoon defended the companies very ably, I think, but I found myself in disagreement with him except when he deplored the frequent investigations of this industry and the few results that had accrued to the people of Canada. But after this latest and very thorough inquiry I think the government should act upon such recommendations of the committee as are found to be sound. I believe that the recommendations arrived at, after very careful investigation and very careful consideration of all the evi-

dence, are sound; but so far, as I said before, the companies have done nothing about the matter themselves.

Again I would ask the government and the majority supporting it what they propose to do about this matter. I have not forgotten that some of us two years ago agreed with those who raised this question in the house, with the hon. member for Lake Centre (Mr. Johnston), for example, when he complained of the price of implements; and as will be remembered, when the Canada-United States trade agreement was before the house I moved that farm implements be placed on the free list, as a gesture against what was then being done. But that motion was not pressed because of the inquiry which was then being undertaken. I am hoping now, two years having elapsed, and having had a sufficient opportunity to look into this matter, that the government will take effective steps to see that the farmers not only of the west but of the east are given their agricultural implements at a reasonable price; and not only their implements at a reasonable price, but that the cost of repairs and servicing be looked after for them also, because when we inquired into the cost of repairs we found they were entirely out of line with the cost of new machines.

We are sometimes told that one of the factors accounting for the increased prices is an increase in labour costs; but may I point out that in the last few years the improvements in machinery, reducing the number of men employed and increasing the total output per man in the factory, has in effect not added to the actual cost of labour, and in that respect I find myself not altogether in agreement with one of the conclusions of this report. One difficulty, of course, which we have to face in Canada is that there is a tremendous capital investment in these companies. Like many of our other Canadian industries they have been established and have grown up with the idea that there was more or less an unlimited market, and their capitilization in the aggregate is out of line with the actual requirements of the country in which we live.

Then of course we found, too, that the price of agricultural implements tended to be set by any company which had a virtual monopoly of certain lines of machinery. We found in our investigation that one company, the International Harvester Company, controlled some sixty per cent of the agricultural implement business in Canada; and although that company denied—and I believed the president when he made that denial—that there was any collusion between the several companies with regard to price fixing, nevertheless I think that practically all the members of the committee were of the opinion that the smaller companies set their prices after they had seen the prices set by the larger implement company. Therefore, in effect, the International Harvester Company did set prices in most lines of machinery for the entire industry.

To those who defend the tariff I would say again that on the prairies, where most of this very high priced machinery has to be used—not is used, but has to be used—the farmer sells his product on the unprotected markets of the world. Consequently, if we are going to give industries and organizations from which he has to buy, protection in this market, obviously we shall have to consider those proposals that have been called in this house "compensating adjustments" of various kinds. If we are going to guarantee to the industrialists a price for their products, then we shall also have to guarantee to the producer minimum prices for the products which he produces.

I confess that in this house there seems not very much likelihood of substantial tariff reductions, because after a period, extending into years, during which the Liberal party have had every opportunity to make those reductions to which they are pledged, and listening to the debates in the house, watching the budgets that have come down, noticing—as I said yesterday—actual increase in the tariff on one necessity of life, furniture, and high duties on other necessities of life, I do not see very much hope from this government in the direction of really lower tariffs.

The hon. member for Renfrew South (Mr. McCann) spoke of the competition given to local manufacturers from cream separators imported from Sweden. He attributed Swedish ability to export and lay down cream separators in Canada at a much lower price than that at which they could have been manufactured here to the fact that Sweden has a lower standard of living than we have. I do not know where he got the information regarding the average wage of the Swedish worker which he placed at 19½ cents an hour, but I do say this, that the International Labour Office at Geneva and observers generally throughout Europe make the statement that the Swedish worker today is the best housed, the best clothed, the best looked after, and in many respects the best-off worker in any European country. Consequently, how can it be said that it is the low standard of life in Sweden which accounts for lower costs of production there

is more than I can understand. Long hours are not in effect there either; the workers are well organized, and the government of Sweden has the most advanced social legislation of any of the European countries.

The hon. member for Renfrew South also said that the reason for the increase in the price of separators laid down in New Zealand in recent years over preceding years was the fact that the Swedish manufacturers had eliminated competition there. I do not know to what extent that is true; but I would draw this to his attention, that in the past few years one factor at least which must have operated was that the New Zealand pound has been greatly depreciated, which means that it would buy less in the markets of the world. Consequently the tendency would be to increase the price as stated in New Zealand pounds; for if four New Zealand pounds of seven or eight years ago have the purchasing power of only five pounds at the present time, it is obvious that a foreign nation exporting to New Zealand will have to increase the price to at least that extent. I would draw that to the attention of the house when we hear of the increased price of cream separators in New Zealand.

As I said before, previous speakers have covered the ground which I intended to cover, and therefore I do not propose to repeat what they have said, because that is wearisome to the house and to anyone discussing the matter. I would simply say again to the government: There is the report on the table; there are the recommendations; the government has an overwhelming majority, a majority which enables it to fulfil every pledge that it has ever made, and one of the definite pledges which the government made through the party which elected it and which formulated the Liberal platform upon which it appealed to the country, was that farm implements would be admitted into this country free of all customs duties. And I say to the government, What are you going to do about this?

Mr. T. A. THOMPSON (Lanark): I should like to make a few observations upon the matter under discussion. I was not a member of that committee and was not conversant with their findings, and I have not had time to study their report, but I have listened attentively to the addresses which have been delivered to-day, and I was amused to hear this afternoon the hon. member for Brantford City (Mr. Macdonald) and the hon. member for Renfrew South (Mr. McCann) making speeches in this house that might well have been made from the Conservative benches.

Mr. MACDONALD (Brantford City): Never.

[Mr. Coldwell.]

Mr. THOMPSON: It might not be a bad idea to invite them to come across here; we have a few empty seats, and I can assure them that they would be welcome. But it may be better to leave them where they are. A little leaven leavens the whole lump, and no doubt they would be able to do better work where they are than they would do over here.

An hon. MEMBER: Don't rub it in.

Mr. THOMPSON: The hon. member for Kamouraska (Mr. Bouchard), speaking this afternoon, made the statement that between 1925 and 1929, when the Liberal government was in power and there were low tariffs, more people were employed in agricultural implement factories than from 1929 to 1932, at a time when the tariff had been increased by the late government. Everyone knows that comparison is most unfair. From 1924 to 1929 were four of the most prosperous years that Canada has ever known. The country had abundant crops; farmers had the purchasing power and were able to buy machinery, and that is why the people were kept at work. In the years between 1929 and 1932 Canada, in common with other countries, was going through one of the worst depressions the world has ever known. There were no crops; farmers had no purchasing power, and the machine companies could not manufacture the machinery because they could not sell it. The tariff played no part in those conditions.

We have been told in the course of this debate that 32 per cent of the agricultural implements sold in Canada are manufactured here, and that 68 per cent of them have been imported into this country. That means that we are sending 68 per cent of our money into a foreign country to pay foreign labourers and to build up foreign institutions instead of having these machines manufactured at home.

There seems to be a common impression among hon. members opposite that high tariffs mean high prices to the consumer. The very opposite is the fact; high tariffs have always meant cheaper goods to the consumer. Take, for instance, farm implements. The former government had a tariff of 25 per cent and along with that an agreement with the companies that if they raised the price to the farmer, that tariff would be reduced. This government came in and cut that tariff down to 7½ per cent, which nullified the agreement made by the former government, and up went the price of farm machinery. Nothing else could be expected, for this reason, that if United States manufacturers are allowed to come in and take 68 per cent of the business of Canada, with the small turnover that our own manufacturers have, the

manufacturers here must necessarily obtain a larger profit or they cannot live. Therefore the lowering of the tariff has cost and will cost our farmers some millions of dollars. History is only repeating itself. We all remember, at any rate I can remember when binder twine, barbed wire and coal oil were put on the free list. What happened? They just doubled in price, and putting these things on the free list has cost the farmers of Canada millions of dollars in the extra money that they have been obliged to pay for barbed wire, coal oil and binder twine.

I have often wondered why our western representatives come into this house and talk the way they do. I have been here for a number of years and I find that year after year they rise in their places and denounce the tariff. They cry for free trade. They would kill the industries of eastern Canada, the industries of Ontario and Quebec; they would put them out of business, and by so doing they would be putting their own customers out of business.

Mr. FINN: What about the maritimes?

Mr. THOMPSON: The maritimes are all right. As I say, these hon. gentlemen would destroy their own customers; and yet some of them will rise in their places here and ask for a few million dollars to buy seed wheat, knowing perfectly well that these very industries in Ontario and Quebec will be called upon to meet the cost, because these two provinces pay between 75 and 80 per cent of the taxes of the entire dominion. Yes; they would bite the hand that feeds them. That is exactly what they have been doing for years. I am willing to help the western farmers, and I think we do help and are only too glad to help them when the grasshoppers eat their crops or when the frost blights them or the drought burns them out. Whenever the western farmers suffer these calamities we come to their assistance. But there is a limit to what we can be expected to do when these very men come here and seek to kill the industries of the country upon which our eastern farmers depend; for let me tell the house that it is the men and women engaged in the industrial life of the country who make the home market for the farmer.

Mr. NEEDHAM: Did the increase in the tariff on furniture result in a decrease in price last spring?

Mr. SPENCE: We are talking about farm implements.

Mr. THOMPSON: The importations of furniture have increased and the price has also increased. It is higher to-day than it ever was. Let me point out what has happened in connection with farm implements. In 1934 there was $2,850,000 worth of farm implements imported into Canada and in 1936 with the duty lowered the amount was $8,811,000.

Mr. MACDONALD (Brantford City): Were they not practically all tractors?

Mr. THOMPSON: No, they were not. In 1937 Canadian farmers sent $16,275,000 for farm implements to fill the pay envelopes of a foreign country and to build up foreign institutions. Then we send men to Washington to get down on their knees and beg these people to allow us to send over some food to them. Our own people should have been manufacturing these implements in Canada and then they would have used our own farm products without hindrance. If we were manufacturing not only farm implements but textiles, also sufficient to supply our own people, there would not be an idle man or woman in the country to-day.

Mr. TUCKER: Why were there idle men in 1931?

Mr. SPENCE: The Liberal government was too long in power.

Mr. THOMPSON: The policies which my hon. friend enunciates in this house would beggar the country if they were ever put into operation; they would simply ruin us and make us a nation of beggars. In the Globe and Mail to-day I was struck with something I saw on the front page. The premier of Ontario is reported to have said that in October there were 160,000 people on relief in the province, and that in February, last month, there were 260,000. That will be found on the front page. What is the cause? It is the tariff tinkering of this government, which is putting our people out of work. I know one man who owns several factories. He owned one in a certain town in the Ottawa valley and he decided to tear it down. Why? He said that every time the government changed they were faced with the danger of being put out of business. He said he could employ two hundred people if he could be guaranteed the protection he had between 1930 and 1935, but he would not be tormented by the tinkering with the tariff. He simply decided to tear down his factory, level the ground and turn it into a park.

Our people to-day are being put out of business; people are being forced into the relief lines because our industries are not given the protection they should get. Do you

expect the people of Canada to come down to the standard of living that obtains in these foreign countries from which competition comes? We are proud that Canadian workers can live comfortably and bring up their families and educate them as good Canadians and British subjects, and we do not want to see our standard of living lowered to the level that we see in those countries which are attempting to dump their goods here.

Mr. TUCKER: What about the United States?

Mr. THOMPSON: Who is shouting now? Oh, it is some more of the economists. It appeared to me that the hon. member for Renfrew South placed this matter in a very fair light. He said that if we permitted these companies to go out of business, we would pay a great deal more for our products when they were controlled by a foreign country. As I said a moment ago, we had an example of that in connection with binder twine and barbed wire. What about our binder twine to-day? These United States manufacturers sit down in Chicago and set the price that will be charged in Canada for binder twine. We have allowed our binder twine to get into the hands of a foreign country, and we have been paying through the nose for it. In 1896, when the duty was taken off, we had twenty-five small factories manufacturing binder twine in this country. They were the nucleus of a big business that we might have had, but they were crushed out by the mass production of the United States. Then, when our people were out of business, the United States concerns had us where they wanted us, and to-day they charge what they wish.

Mr. TUCKER: What about the—

Mr. THOMPSON: My hon. friend over here has taken up a great deal of the time of the house, and whenever he makes a speech he asks for a little extra time. I do not take up very much time, and I try to talk reasonably and sensibly when I am addressing the house. I have been obliged to listen to a great deal of bunk, and I have listened without interfering with the hon. member; I have let him go on with it.

Let me say here that we are getting off on the wrong foot in this country when we bring about any differences between capital and labour. They are not enemies; they are partners in the development of this dominion, and you could not place upon the statute books any law that would reflect upon one that would not work back to the other. We must stand or fall together in this country; we must work together for its development. Industry looks to the farmer for a market, and the farmer produces the food for industry. Each is dependent upon the other, and we must cease flying at each other's throats. I am confident that if we were manufacturing in Canada the goods that we consume in this country, we would give employment to every man and woman here, and to a great many more men and women who would be very pleased to make this the land of their adoption. We have listened long enough to this cry of free trade, and I think brighter days are coming. When two men, elected as Liberals, such as the hon. member for Brantford City and the hon. member for Renfrew South rise in their places and make such speeches as we have heard to-day, the future does not look so dark.

Mr. DAVID SPENCE (Parkdale): Mr. Speaker, at five-thirty this afternoon I was on my feet, and I thought I had a fairly good speech to deliver. Since then, however, I am afraid I have had to scrap most of it, because it has been said by other speakers. Consequently I shall have to satisfy myself by making a few observations. When one follows the hon. member for Lanark (Mr. Thompson) on our side of the house, there is not much left for one to say, because he covers the ground so thoroughly, and I wish to congratulate him upon his splendid address.

I do not agree with the hon. member for Selkirk (Mr. Thorson) when he advocates bringing cream separators into Canada from foreign countries free of duty. He is always good at discussing academic questions, which I do not fully understand; but after all, with all the knowledge he has, he does not seem to appeal to me as a good Canadian, and I do not mind saying so. He is always advocating something that is detrimental to the working people of this country, such as he has suggested to-night.

I wish to congratulate the hon. member for Brantford City (Mr. Macdonald) who made a splendid address, in regard to which his country and his own riding should be tickled to death. It was well delivered, and what he said was absolutely true and to the point. That would have been so regardless of whether it was delivered by a Liberal or a Conservative.

Miss MACPHAIL: It does not matter, really.

Mr. SPENCE: The hon. member for Renfrew South (Mr. McCann) did the same thing, and I say he deserves credit for giving us full information as to the difference between wages paid in Scandinavian countries

and those paid in Canada. I was proud of him to-night as he stood in his place and delivered an address equal to any I have heard delivered in this house by any Liberal during the seventeen years I have been here. It is not often that the Liberals talk really good common sense, when it comes down to business. They are always opposed to something that will build up the nation. I do not know where they get their ideas.

With my hon. friend the member for Rosetown-Biggar (Mr. Coldwell) I cannot agree at all. He seems to be out of touch with things. Instead of something sane that a government could adopt, which one would expect from the brilliant chap that he is, we had a stupid recommendation to-night. Everybody knows this country cannot live without protection, and those who do not know it might as well get it into their heads. I see that gradually the light is beginning to dawn. It will seep in further and further until after a while you will get to the point where you will do something for your country. I hope it will not be too long delayed.

I happened to be on the committee that investigated the prices of farm implements in 1936, but fortunately for the committee, or fortunately for myself, or something, they got rid of me in 1937. A smaller special committee was appointed, and I was laid off. I listened to a great deal of evidence given there that I thought was of very little importance. Some of it was rather amusing. I think some hon. members on that committee suggested that the prices of farm implements were entirely too high, and that the people in the west were getting so little for their grain that they could not afford to buy implements at all. They even suggested that these farmers should be allowed to pay just what they thought they could pay, and that the balance should be absorbed by the government or by some organization appointed by the government. That was the kind of stuff one heard on that committee; that was one of the arguments advanced there.

An hon. MEMBER: Who argued that?

Mr. SPENCE: I do not know. I never keep notes of what hon. members say in the house, so I cannot tell tales. But if you will go back to the records of that committee meeting you will find that two or three hon. members from the west made that suggestion. If there is anything more ridiculous than that, go back to the west and find it. I do not see how you can.

It is unfortunate there is so much time wasted. Hon. members cannot say that I waste much of the time of the house—perhaps ten minutes a week. Some hon. members start in at three o'clock in the afternoon and do not stop until eleven o'clock at night. Half a dozen of them talk all day, and nobody else gets a word in. Do not forget that. But if I am going to pound a little common sense into some hon. members I must take some time to do it.

We are losing a great deal of time in discussing things of the past. I say we are here to legislate for the future. Let us forget the past. Let us start in to do something for the people here in Canada at the present time. Let us try to get this country back to normal—which we are not doing. We have wasted a lot of time in discussing economic questions and radical resolutions. I think all hon. members and particularly those members to my left, will admit that. A great deal of time has been spent in discussing questions which, in the end, amount to nothing. We have now wasted about two months of the session, and have done nothing. The members of the senate have been going back and forth to their homes. They adjourn for a month; then they come back and adjourn for a week, and still, with the exception of a couple of bills which passed this house, they have had nothing to do. Is that not a waste of time?

Let me tell hon. members that if the people in our ridings could see the way we act in the house, they would ask for a dissolution of the house at once, and advocate the formation of a committee of one hundred, or something of the kind, to run the country. Sometimes I would like to see that myself, because it is a waste of time to have the house sitting with sometimes not more than twenty-five members who are taking any interest in the proceedings. What interest is taken by the members who are supposed to occupy these two lines of benches? You may look anywhere in the house—everywhere. They might as well be home, and not be in Ottawa at all.

An hon. MEMBER: Why don't they go?

Mr. SPENCE: They have lots of places to go.

An hon. MEMBER: They are working in their rooms.

Mr. SPENCE: Are they? They are playing bridge in some corner! Such intolerable ignorance of business affairs is displayed by some hon. members, something which is astonishing to one who from boyhood has been trained in the business world. It is astonishing to listen to people in the house

who have never sold even a box of matches, or never made a trade in their lives, tell us how to run the country. It is amazing! It is useless discussion.

There can be no doubt that prices of commodities rise and fall. I shall cover this point later on when I discuss the investigation into farm implements. I would repeat that supply and demand will always regulate prices, regardless of any attempts made by governments to regulate people's business and to regulate prices. You cannot get away from the old law of supply and demand, so you might as well make up your minds that you will have to get back to normalcy before the country can make headway.

Many members of the house should still be in kindergarten, so far as any knowledge of business is concerned.

Mr. FINN: You should be the teacher.

Mr. SPENCE: Calamity howling is the principal act in the House of Commons. I came down on the train from Toronto yesterday with a gentleman from Saskatoon, a brilliant chap who said to me that the people in the House of Commons from the western provinces are not representing the viewpoint of people in the west. He said that he disapproves the tactics used by those members who picture the sad scenes of people in distressed circumstances, and all that sort of thing. He said it was not advertising for Canada or for the prairie provinces.

An hon. MEMBER: But they are true.

Mr. SPENCE: They are not true at all; he says they are not true. There is in the house no more brilliant man than the man with whom I was duscussing the subject yesterday, and he was a Liberal from Saskatoon. You may pick out who he was. He says that Saskatoon is paying its debts and pulling itself out of the hole. You can hear nothing in the House of Commons but calamity howling, all the time. I think that man was a Liberal, although I did not ask him. It makes no difference to me what a man's politics may be. I like to discuss business, whether a man be a Liberal or a Conservative.

An hon. MEMBER: He was not brilliant, then.

Mr. SPENCE: He was brilliant, too. I would admit that certain Liberals are brilliant; there is no doubt about that.

When the investigation began into the price of farm implements, it was shown that between 1930 and 1936 commodity prices had increased. It was to be expected that to some extent farm implement prices should increase. The old stocks on hand were gone, and new stock had to be bought. If there were increased costs we could not expect the manufacturers to sell at a loss. One hon. member has suggested that the government should absorb the difference between what the farmer could pay and what the manufacturer should get. Did you ever hear such talk as that in your life?

Mr. TUCKER: We have heard it from Conservatives for a long time. Protection means the same thing.

Mr. SPENCE: Some hon. members on the committee assumed a different attitude. They criticized some facts in connection with the buildings used by the Massey-Harris Company in Toronto. They questioned the propriety of the Massey-Harris people adding overhead costs to the cost of farm implements. Their argument was that that company did not need the buildings to-day, and that there was no reason why they should charge overhead on the farm implements. If you could hear any more ridiculous argument, then I should like to hear it. Anybody knows that all manufacturers write off a certain amount on buildings every year, because they want to keep the assessment as low as possible, and thereby keep down the overhead. The paying of taxes in cities like Montreal and Toronto is an important item for any manufacturer.

That was one of the arguments adduced by two or three members on the special committee which investigated the price of farm implements. It was shown before the committee that at least some of the farm implement manufacturers lost large sums of money during the depression. But you could not convince a farmer that he had not been robbed, and that the manufacturer had made barrels of money. That is the great difficulty.

Let me tell the house this: Jealousy and competition in business keep prices reasonable, regardless of the views of hon. members. If some hon. members had had some training in the business world they would realize just how difficult it is to make a profit. Your neighbour may be in the same business; he may be a competitor, and he will not permit you to make a business profit.

You can look into the different businesses in Canada which have been ruined because a certain class of people have got into them; I shall not say who they are. Big businesses have been wiped out in the last six or seven years. Hundreds of thousands of dollars have been lost by men of high integrity in the business world. Men with $250,000 to $500,000 have lost because unscrupulous people got into business and drove out those men who were doing business properly. That is the state of affairs in the business world.

Let me go back to what I said a moment ago about the Scandinavian manufacturer of cream separators. I maintain to-night that if those manufacturers are permitted to ship into this country, free, that will be the end of cream separator manufacturing in Canada. I say that because there is no possible chance of that industry surviving when rates and wages are so low in Scandinavian countries and so high in Canada. I am not saying they are too high in Canada, but I say they are much higher than in other countries. It is the same way in Holland, a country with which I do a great deal of business. Wages are about a third of what they are in Canada. There is no possible hope of this country competing with Scandinavian countries, or with any other parts of Europe. In many European countries wages are not as high as they are in Holland.

For these reasons I say that we need protection in Canada, regardless of whether you are a farmer, a merchant or a manufacturer. Protection is just as much in the interests of the farmer as in the interests of everybody else, because if you have not protection to keep industry busy, you have not a market for your goods, no matter what they may be.

Take that part of Ontario which lies between Toronto and Niagara Falls. In that district you will find a great number of fruit growers and truck farmers. The markets for the products of these farms are to be found in Toronto and Hamilton. If industry in Toronto and Hamilton is killed, the truck farmers and fruit growers in the Niagara Falls district might as well shut up shop because there is no other market for their products. There is a high tariff against these products going into the United States and there is no hope in that direction.

I have probably rambled a little bit and some of my friends are having fun at my expense. I am sorry if I have taken up too much time, but I appeal to the house not to adopt the recommendations of this special committee. They should be thrown out entirely and not sent to the tariff board, as was suggested by the hon. member for Renfrew South. I do not think I would want them to go even that far. It would be a shame to ruin four or five manufacturers of cream separators simply because the farmers can buy these machines a few dollars cheaper in some other country.

Mr. L. P. A. ROBICHAUD (Kent, N.B.): Mr. Speaker, after listening to the highly amusing speech that has just been delivered I wonder whether you will care to listen to me at this late hour. Until just lately I had no intention whatever of taking part in any discussion at this time. However, inasmuch as I was the only government supporter from New Brunswick on that special committee, I feel it is only proper that I should make a few observations on the motion of the hon. member for Lake Centre (Mr. Johnston). I do not intend to go into the details of the findings of the committee as that has been done by previous speakers, and I desire to be brief.

While I do not assume to speak for all of my colleagues from the maritime provinces. I am convinced that I voice the views of the vast majority of the people of the maritime provinces when I plead with this government to reduce, yes, to wipe out entirely the tariff on farm implements, and for that matter on all instruments of production. In support of my contention that I represent the views of the people in the maritime provinces may I be allowed to quote from a report of a speech delivered the other day by Premier Macdonald of Nova Scotia. The report reads:

While federal subsidies "were of some benefit to the government in a sense that they make government financing a little easier, they do not, except in a very indirect way, benefit the people of the province," Premier Angus L. Macdonald said in Nova Scotia's legislature to-day.

Continuing the debate on the address in reply, he said, "The fundamental disability of this province . . . is the effect of the tariff." He followed opposition leader Percy C. Black, who had referred to the difference in retail price of cars sold in the United States and in Canada. "Is not that due to the tariff?" asked the Premier, who referred to a brief presented by Professor Norman McL. Rogers (now federal labour minister) to the Jones commission. The brief showed that, "in 1931 the total net loss caused by the tariff to the people of this province" was $4,478,000.

"I do not think he (the opposition leader) can find one economist in this country, or one commission which has ever investigated the effect of the tariff on the maritime provinces, who will agree with him that the national policy of Canada has been in the interests of these provinces," Premier Macdonald said.

"It has injured our trade. It has increased the cost of the commodities which we import. It has resulted in the concentration of business in central Canada, and the closing up of many a small business in this province. It has added to the burden of our primary producers. It has seriously injured our economic life."

"Had the reciprocity agreement of 1911 gone into effect, who will doubt that the lot of the fishermen in Nova Scotia would have been improved?" he asked. "I would like to have seen Nova Scotia go on under a complete system of free trade." With such a system, "we would be able to run our steel and coal industries and face the world."

I should like to go back to the last sentence in the second paragraph, which reads, "The brief showed that in 1931 the total net loss caused by the tariff to the people of this

country was $4,478,000," and also to the third sentence in the fourth paragraph, which reads, "It has resulted in the concentration of business in central Canada, and the closing up of many a small business in this province." In connection with these two sentences may I be permitted to quote from an editorial that appeared in the Moncton Transcript of March 1, entitled The Milch Cow. This reads:

In the matter of federal taxation, says Premier Hepburn, Ontario has been the milch cow for the rest of the dominion. Ontario contributes, "about half the dominion's entire revenue." Figures can be very deceiving, and never more so than in the case of bookkeeping items when one does not know to whose ledger they belong. The pasture upon which the Ontario milch cow has been feeding belongs to Canada.

The Ottawa Journal sets Mr. Hepburn right on this point when it says: "Statistics show Ontario paying the bulk of income taxes, with Quebec next. The explanation, of course (it has been given authoritatively several times), is that the great majority of the largest corporations in Canada have their head offices in Toronto or Montreal. These corporations derive their profits from all over Canada, operate all over Canada, but because their tax returns are made from Toronto and Montreal (and similarly the personal income taxes of their officers and chief executives) Ontario and Quebec get the credit for everything."

Similarly with the customs tax. The Journal says: "The customs tax is collected at the port of entry, credited to that district. The goods imported may be sold all over Canada, with the tax paid by consumers all over Canada, but the city or district which happens to be the headquarters of the importer gets credit for the tax. That, of course, swells the figures for Toronto and Montreal."

Moreover, while Ontario has become the great industrial province, it has become so largely by virtue of the protected Canadian market. Before the Rowell commission, Premier Macdonald, of Nova Scotia, had at his finger tips the facts and figures to show the tribute that his province paid as a result of the protected market given the industries of central Canada in Nova Scotia. To tear down suddenly these tariff barriers, which have been standing for seventy years, might disrupt Canada, as Honourable Mr. Rogers said, but Mr. Rogers would be the last to deny that many industries of the strategically placed central provinces exist at the expense of the east and the west.

Yet, on a per capita basis, taxation in Canada is roughly the same and the talk about Ontario carrying all Canada's financial obligations on its shoulders is the superficial talk of a politician who long ago proved his knowledge of economics shallow, not profound.

Those are not my words; they are the words of the Moncton Transcript.

I was not a little disappointed and chagrined when I listened to the statement made in the house that the abolition of tariffs at this time would disrupt confederation. Is it to be implied from that statement that the imposition of high protective tariffs on the maritime and western provinces would have been justification for those provinces to disrupt confederation? Personally I do not for one moment believe that it ever would disrupt confederation. I well remember the session of 1927, when the tariff on automobiles was reduced, and the violent protest, the clamour—I was going to say the howl—that arose from the automobile manufacturers, who even went to the extent of threatening to close their factories if the tariff was reduced. But their bluff was called, and they were told in effect that if they closed their factories means would be found of opening them and keeping them in operation. So they went home, and what happened? The two following years were the most prosperous in the history of the industry.

Mr. STEWART: Is the hon. gentleman aware that subsequently to that deputation very important changes were made in the budget and concessions granted to these manufacturers?

Mr. ROBICHAUD: Concessions were made by reducing the tariff on their raw materials; I have no objection to that. Why were they so successful in the two years following the reduction? It is easy to see why. It was for the simple reason that prices went down and people bought automobiles more freely, and although the manufacturers had to accept a smaller profit on each automobile, their aggregate profits at the end of the year showed a large increase. After all, what is the secret of success in any line of merchandising? Is it to sell one article a day and make fifty cents profit on the sale, or is it to sell ten articles a day and make ten cents profit on each article? The more goods you sell the more profit you make and the more service you can give.

Here may I quote, with approval, the statement made by the hon. member for Huron North (Mr. Deachman): "There has never in Canadian history been a tariff reduction which did not benefit Canadian manufacturers, but they fear it." Ah! Fear! Fear! That is it. Fear, which at one time was no doubt the natural and normal reaction of man in his primitive state and was intended as a necessary shield for his self-preservation, has to-day become a heavy and burdensome armour, impeding him in his upward march towards a higher civilization. That fear which in those days was a physical, bodily fear, and quite normal, has to-day become simply an atavic, mental and moral fear—the curse of humanity, and man's greatest enemy.

If I were—I was going to say if I were king, but I will put it in a more modern way—if I were the dictator of Canada, do you

know what I would do, Mr. Speaker? I would issue a decree to take effect to-morrow morning, establishing absolute free trade in this country.

Some hon. MEMBERS: Oh.

Mr. ROBICHAUD: It may surprise some hon. members, since I am not a resident of the west or a farmer, when I proclaim myself a one-hundred per cent unadulterated free trader. But someone will say: "If you do that, you will flood the country with foreign goods." I say then, and in the spirit in which the apostle of the gentiles uttered his famous exclamation "O Felix Culpa," Happy flood, blessed flood! The flood would continue only so long as we were able to pay for the goods, and so long as we were able to pay for them we would be prosperous indeed.

If, however, my decree is going to disrupt confederation, and if we are everlastingly to continue bonusing and subsidizing industry at the expense and to the detriment of the primary producers and of the consumers of Canada generally, then I say, Mr. Speaker, let us have an honest-to-goodness, open and above board system of bonusing. Let us, as I said, abolish tariffs, and then at the end of a year, or semi-annually, let us bonus the legitimate natural industries of the country which prove themselves unable to carry on under a system of free trade. We have been bonusing wheat in the past, and bonusing to some slight extent the fishermen of the maritime provinces; but we know exactly to a cent what these bonuses have cost us, and I am sorry to say that on many occasions we have begrudged granting these bonuses to the poor farmer and the poor fisherman. But we do not know, and we cannot tell, how many millions or hundreds of millions of dollars we have been giving in bonuses to industry in Canada by means of the tariff. I think we should take the means to know, and the only way to know is to bonus them directly. Let us have free trade; let them compete with the goods coming from other nations, and let us bonus those industries that cannot carry on under free trade. But many of them are artificial industries which should never have been established in this country. They are economically unsound, and under free trade they would be given a chance to disappear as, to my mind, they should disappear.

As I have said before in the house—and I am convinced of it—the economic situation of this world will never be righted before we have free trade throughout the world and before the nations of the world make up their minds to manufacture the commodities for which they have the raw materials. Does it stand to reason that nations should spend millions and billions of dollars in removing natural obstacles from the channels of trade, in building railroads, and digging canals, and then the moment after erect artificial obstacles to trade by way of tariff walls? No, Mr. Speaker, it does not stand to reason. The thing is unnatural, and for that reason it will have to disappear from the face of the earth. And so it is with great pleasure that I support the motion of the hon. member for Lake Centre.

Mr. HARRY LEADER (Portage la Prairie): Mr. Speaker, at the outset I should like to refer to some of the remarks made by hon. members who have spoken to-night.

The hon. member for Lanark (Mr. Thompson) claimed that 68 per cent of our machinery was imported, and he deplored that fact. We might deplore anything of that nature under certain conditions; but in a country like Canada we must import if we are going to export, and it stands to reason that if we are importing so many of these implements or any other products and are paying out so many millions of dollars for them, that only enables us to sell millions of dollars worth of our own products abroad. I know the hon. member for Lanark pretty well, and respect him very much. I remember he came into my constituency in 1925 and was instrumental in defeating me at that time. I have no hard feelings against him for that. But I wish the Conservative party would send him out at the next election and let him make a speech like he made to-night.

Mr. THOMPSON: I will do it.

Mr. LEADER: You are invited, and I hope they will do that.

Mr. MacNICOL: Does the hon. member for Portage la Prairie (Mr. Leader) not want to come back here again?

Mr. LEADER: I am sorry that the hon. member found it necessary to use the words, "The western people would bite the hand that feeds them." He followed that up, it seemed to me, in an apologetic way by saying that we should cease flying at each other's throats

Mr. THOMPSON: Certainly.

Mr. LEADER: He said we should have binder twine manufacturers in Canada. Perhaps we should. But let me tell the hon. member that the machine companies have "high pressure" salesmen going up and down the fields of Canada, particularly western Canada, when the roads open up and telling the farmers—at least some of them do—"Your old horse-drawn binder, or even the binder you now hook to the tractor, is obsolete.

What you need is the latest make; what you need is a combine." That is the kind of machinery which they are trying to sell us now. But if you use a combine you do not need any binder twine. So one thing works against the other.

The hon. member for Lake Centre (Mr. Johnston), who introduced the resolution, and the hon. member for Kamouraska (Mr. Bouchard), who seconded it, went quite thoroughly into the preliminaries of the investigation, and I shall not repeat what they said. I wish to point out, however, that we spent nearly two months and heard 1,700 pages of evidence on that committee, and worked very hard; I know that I found it extremely hard work. I will not go into the organization part, but I do desire to associate myself with the members of the committee who have paid tribute to those who were associated with us, the officers, and particularly I want to pay my respects to the witnesses. I do not believe we could have had from any body of men more satisfaction, more reasonable cooperation, than we received from the witnesses who came from this country and the United States.

I am glad that we have reached the stage where we can discuss the problem in this house. The steady increase in the price of farm machinery in the face of existing agricultural conditions has alarmed our people, and they are looking to this parliament for some measure of protection. Having served as a member of the special committee which was appointed in the session of 1936, I am offering my own observations, along with those who have already spoken, and what I have to say will have special reference to the prairie west, although not omitting, I hope, Canada as a whole.

I belong to that class of individuals who are often read about, sometimes seen, but seldom heard. I am what is called an honest-to-goodness dirt farmer. I was born on a farm; I have worked there all my life, and I expect to continue working on a farm as long as I am in good health. Therefore I know something about the conditions of my people, and something about the Canadian west in general. That country has often been referred to as the granary of the empire. Millions of dollars have been reaped in the northwest, and it is capable of producing millions year after year, which may not always be true of some other industries, even of mining. Mining and the tourist traffic are sometimes spoken of as two of the greatest institutions and industries that Canada has; they are great revenue-bearing institutions. I am pleased that we

are developing them; but a nation like Canada will make a great mistake if it should ever forget agriculture and what it means to our people, and relegate it to a secondary position. I can safely say that western Canada has contributed very largely to the wealth of the whole dominion. The development of its agriculture business has had the effect of establishing great manufacturing plants in the east. The industrial east owes much to western Canada. We are dependent the one upon the other; we should work together; and together we shall create a great nation.

That we are dependent each upon the other is particularly true of agriculture and the manufacture of agricultural implements. When one prospers the other prospers; when there is failure in one there is failure in the other. We are partners in a great industry. When the agriculturists of western Canada realized that the 1936 price of agricultural implements was raised, there was indignation. We felt that we were partners with the manufacturers of farm implements, and that we had suffered, and suffered grievously. It is true that the manufacturers had also suffered, though not, I believe, to the same extent. But we were alarmed and grieved to think that they had increased prices at just about the time when we could see daylight and hoped the depression was over. That was the reason why the hon. member for Lake Centre introduced his resolution asking that an inquiry be made into the price of farm implements.

The inquiry was ordered. One of the first reports which the committee brought in was to ask that the manufacturers of farm implements should not put into effect the 1936 increases until the result of the inquiry was known. That request was either refused or ignored, and that was the first indication we had that this great partner of ours was not prepared to play fair with the farming population of this country. They claimed that they were justified in increasing the price of their products. Why? They said it was on account of the high cost of manufacture. When we got into the evidence upon this inquiry we found that that claim was not justified. We found that the cost of manufacturing had not risen in the few years immediately preceding the 1936 increase. I hold in my hand a table clipped from the evidence which was taken by that committee. It gives the cost of manufacturing a binder, following it right up until it is laid down in the city of Regina. We had a list of implements that were investigated, and the eight foot binder was chosen as typical of the others. There appears this note in the report:

The companies agreed that all information submitted with regard to a binder could be placed on the printed records of the committee in order to give concrete information as to manufacturing costs and selling values in the industry. The binder was found by the auditor to be in most particulars close to the average of all the smaller typical implements selected by the committee. For this reason the undernoted tables as to the binder can be treated as truly informative.

This is indeed an informative table. I do not wish to analyze it all, that would take some time, but I should like to go over it briefly and ask that it be placed on Hansard. Let us take the year 1913, because that was the year when prices of farm products were comparable with those we had to pay for other products, and let us take the binder by way of illustration. The figures are grouped, all in their different columns, showing material, labour, total material and labour, overhead or burden, experimental work, total cost, price to the farmer, commission and freight. In 1913 the material entering into a binder was $45.56; labour $11.97; overhead, $17.96; experimental work, $0.34; total cost, $75.83. The commission was $30.45, and the freight, $17.80. The total profit on the binder was $42.94.

To substantiate my statement that the cost of manufacturing the binder had not risen in the last three years preceding the increase in price, I would point out that in 1932 the material entering into the cost was $87.01; labour, $27.16; overhead, $40.74; commission, $46.50; and freight, $25.12; and in 1933 the material was, in round figures, $79, or about $9 less than in 1932. In 1934 it was $75, or $4 less than in the previous year, and in 1935 it was $70, or $5 less than in 1934. This disproves the contention of the manufacturers that it was owing to the high cost of material that they were compelled to increase their prices.

Before placing this statement on the record I should like to give some figures with regard to net profits on a binder during those years.

1913	$ 42 94
1919	46 71
1920	43 33
1921	63 47
1922	61 09
1923	65 67
1924	100 60
1925	78 86
1926	67 39
1927	76 20
1928	78 70
1929	74 54
1930	67 69

Now we are getting into the period when the tariff was increased to twenty-five per cent, and we shall see that the net profit to the manufacturer was less than it was when the protection was a great deal less.

1931	$52 97
1932	36 83
1933	59 90
1934	61 79
1935	69 31
1936	79 26

The complete table follows:

International Harvester Company of Canada Ltd.

Schedule of manufacturing costs—8 ft. binder—Using an average burden—1913, and 1919 to 1936 with sales realization comparable thereto

	Factory cost data						Sales realization		
	Material	Labour	Total material and labour	Overhead or burden	Experimental work	Total cost	Price to the farmer (cash price Regina)	Commission	Freight
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
1913	45 56	11 97	57 53	17 96	0 34	75 83	167 02	30 45	17 80
1919	94 83	24 85	119 68	37 27	1 01	157 96	261 00	34 00	22 33
1920	92 74	31 78	124 52	47 67	1 31	173 50	269 00	33 00	19 17
1921	112 12	31 65	143 77	47 47	1 29	192 53	326 00	44 00	26 00
1922	80 51	22 56	103 07	33 84	1 98	138 89	266 00	41 00	25 02
1923	80 54	21 85	102 39	32 77	1 15	136 31	274 00	47 00	25 02
1924	83 62	22 20	105 82	33 30	1 15	140 27	308 00	41 00	26 13
1925	80 47	22 57	103 04	33 85	1 73	138 62	283 00	40 50	25 02
1926	77 50	28 85	106 35	43 27	0 79	150 41	283 00	40 50	24 70
1927	75 42	26 22	101 64	39 33	0 63	141 60	283 00	40 50	24 70
1928	76 48	23 03	99 51	34 55	0 76	134 82	283 00	44 50	24 98
1929	75 60	24 81	100 41	37 22	0 91	138 54	283 00	44 50	25 42
1930	76 35	24 39	100 64	36 44	1 31	138 39	278 00	46 50	25 42
1931	81 50	27 09	108 59	40 64	3 88	153 11	278 00	46 50	25 42
1932	87 01	27 16	114 17	40 74	9 64	164 55	273 00	46 50	25 12
1933	79 35	20 65	100 00	30 98	2 50	133 48	263 00	44 50	25 12
1934	75 11	21 51	96 62	32 26	2 71	131 59	263 00	44 50	25 12
1935	70 56	20 48	91 04	30 72	1 56	123 32	263 00	44 50	25 87
1936	71 06	22 62	93 68	33 93	2 55	130 16	281 00	45 50	26 08

Note.—Burden is stated as a fixed percentage of direct labour in each year (150%).

Mr. EDWARDS: How do the sales compare in those years?

Mr. LEADER: The sales had a great deal to do with their profit, because, as I said at the beginning, we were partners in a great business, and when one partner was a little bit down, not as flush as usual, the other suffered also.

Mr. EDWARDS: But how were the sales in those various years? Was production up or down?

Mr. LEADER: The sales were not so good after 1930. Possibly that was because the tariff had been increased and there may have been other causes; personally I believe the depression had a great deal to do with the matter, because there was not the purchasing power.

Mr. EDWARDS: A great deal would depend on the number of units built in the year.

Mr. LEADER: That is so. It would be interesting to the house to have a comparison of the farmers' position during those years. I have here a table prepared at my request by the bureau of statistics. I have selected eight farm implements which the ordinary farmer must have if he is to make any pretence of farming, and in the same table I give the prices of steers. The table shows what the farmer had to pay in hundredweight of steers for these various implements. These are the prices of steers at Winnipeg. If I may put the whole statement on Hansard I shall not go into the figures extensively tonight, but shall cite simply one or two. In 1913 we received 6·63 cents per 100 pounds for "good" steers, live weight, at the Winnipeg stock yards. And remember, over fifty per cent of the steers are not graded "good." However, to give the manufacturers the benefit of the doubt I am quoting these figures. In that year, 1913, we could buy a walking plough for 300 pounds of steers. In 1920, although the price of walking ploughs had gone up, we could still buy a walking plough for 300 pounds of steers. In 1926 the price of steers had gone down and we could buy a walking plough for 500 pounds of steers. In 1932, with a still lower price for steers, we had to give 700 pounds in exchange for a walking plough. In 1913 we gave 2,600 pounds of steers for a binder; in 1920, 2,300 pounds; in 1926, 4,800 pounds; in 1932, 6,100 pounds; and in 1936, 6,100 pounds.

The table is as follows:

Dominion Bureau of Statistics—Internal Trade Branch

Annual prices of steers at Winnipeg and the number of hundredweight required in exchange for specified farm implements, 1913, 1920, 1926, 1932, 1936

	Steers good over 1,050 pounds per cwt. at Winnipeg	100 pounds of steers live weight required in exchange for—								
		Walking plow	Double disc drill	Hay rake	Binder	Mower	Disc harrow	Gang plow	Wagon	Total
					cwt.					cwt.
1913..	6.63	3	22	5	26	9	7	13	16	101
1920..	11.86	3	21	5	23	8	7	14	15	96
1926..	5.99	5	42	10	48	17	13	26	30	191
1932..	4.59	7	54	13	61	21	16	32	39	243
1936..	4.66	6	54	13	61	22	16	30	36	238

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

Wednesday, March 16, 1938

The house met at three o'clock.

NEW MEMBER INTRODUCED

Georges Henri Héon, Esquire, member for the electoral district of Argenteuil, introduced by Right Hon. R. B. Bennett and Mr. R. S. White.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

OLD AGE PENSIONS, NEW BRUNSWICK

Mr. BROOKS:

What is the number receiving old age pensions in the province of New Brunswick under the following headings: (a) pension of $20; (b) over $15 and less than $20; (c) over $10 and including $15; (d) over $5 and including $10; (e) $5 and under?

Mr. DUNNING: As at January 31, 1938: (a) 1,015; (b) 1,351; (c) 6,599; (d) 1,880; (e) 248.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ESTABLISHMENT OF SCHOLARSHIPS

Mr. CHURCH:

1. Have any requests been received from any Canadian universities, boards of education or others, in reference to establishing a system for scholarships for undergraduates and first-year graduates in: (a) medicine in all its branches; (b) physics, chemistry and research; (c) mines and natural resources, and scientific research; (d) public health; (e) transportation questions; (f) economics and other national questions, including proposals to grant scholarships to undergraduates and to graduates in medicine of the first and second years after graduation who are internes in bona fide hospitals, and to students and graduates in scientific research?

2. Will any letters, reports or correspondence in relation to this matter be tabled?

HAMILTON LAWYERS ENGAGED AS GOVERNMENT COUNSEL

Mr. LENNARD:

1. What lawyers of the city of Hamilton or the county of Wentworth were engaged by the government during the years 1936 and 1937?

2. For what specific purpose was each engaged?

3. What respective amounts were paid by way of fees, emoluments or expenses to each of these lawyers so engaged?

4. What amounts, if any, are still outstanding?

COLONEL BELCHER HOSPITAL, CALGARY

Mr. MARSHALL:

1. When was the present hospital in Calgary known as the Colonel Belcher Hospital first leased by the dominion government?

2. What sums have been spent since that date on: (a) rent of building; (b) repairs?

3. When was the present lease signed; how long has it to run, and what is the yearly consideration?

4. What facilities are there for treating psychopathic or neurotic cases?

5. What grounds are available for the patients to obtain proper exercise in the open air?

MOTIONS FOR PAPERS

AMEDEE LAVOIE

Mr. WALSH:

For a copy of all letters, papers, telegrams, reports, petitions, recommendations and other documents exchanged between the Minister of Justice or his department, or any agent or official thereof, and other persons, associations or organizations with respect to the arrest and imprisonment of Amedee Lavoie, who was arrested on a bench warrant on January 18, 1938, and is presently in gaol at Percé, Quebec.

Mr. LAPOINTE (Quebec East): Mr. Speaker, I am sorry to say it is neither customary nor in the public interest to table correspondence of this nature.

Mr. SPEAKER: Dropped.

PRAIRIE FARM REHABILITATION ACT

Mr. HANSELL:

For a copy of all letters, telegrams and other communications, documents and agreements, exchanged between the federal Minister of Agriculture and the Minister of Agriculture of Alberta during the years 1937 and 1938, with respect to the Prairie Farm Rehabilitation Act.

RELIEF IN DROUGHT AREAS

Mr. HANSELL:

For a copy of all letters, telegrams and other communications, documents and agreements, exchanged between the federal Minister of Agriculture and the Minister of Agriculture of Alberta during the years 1937 and 1938, with respect to feed relief in drought areas.

Mr. HANSELL:

For a copy of all letters, telegrams and other communications, documents and agreements, exchanged between the federal Minister of Agriculture and the Minister of Agriculture of Alberta during the years 1937 and 1938, with respect to seed grain for drought areas.

Mr. DOUGLAS (Weyburn):

For a copy of all letters, telegrams and other documents, exchanged between the federal government of Canada and the provincial government of Saskatchewan, during the years 1934 and 1935, dealing with the offer of the federal

government to accept the whole financial responsibility for relief within certain areas of the province of Saskatchewan.

PRIVILEGE—MR. PELLETIER

QUESTION OF INTRODUCTION OF BILL TO REPEAL THE MILITARY SERVICE ACT, 1917

On the order for notices of motions:

Mr. R. A. PELLETIER (Peace River): Mr. Speaker, before the notices of motions are proceeded with, I should like to speak to a question of privilege. I desire to introduce a bill in this House of Commons, but for some reason the clerk of the house has refused to accept it or to permit me to introduce it. I raise this question of privilege, not with any resentment but simply because I am anxious that the situation concerning this particular bill should be cleared up once and for all. I am going to ask you, sir, to permit me to present the facts as to whether or not this bill is in order so that you may determine whether I should be permitted to introduce this measure. The bill that I desire to introduce asks for the repeal of the Military Service Act, 1917. A similar measure was introduced in this house in 1922 by the hon. member for Winnipeg North Centre (Mr. Woodsworth), and at that time the then Speaker, the late Hon. Rodolphe Lemieux, ruled it to be out of order on the ground that it was repealing a statute which was already spent. However, I believe that since that time certain things have happened in this house to reverse the decision then given.

I have in mind chapter 19 of the statutes of 1937 introduced by the Minister of Finance (Mr. Dunning). This was to revive an act which had been declared to be spent. The bill introduced at that time was in exactly the same position as the one I wish to introduce. I hold in my hand volume V of the Revised Statutes of Canada, 1927, which contains an index of the statutes of this country and the disposition that has been made of them. On page 27 the Military Service Act, 1917, is shown as being spent and on page 45 the Business Profits War Tax Act, 1916, is also shown as being spent. Both those pieces of legislation were in exactly the same position at that particular time. If it was possible for the Minister of Finance to introduce a bill last year to revive and amend the Business Profits War Tax Act, 1916, an act which is listed as spent, then I maintain that the decision given in 1922 by the then Speaker has been reversed.

However, I believe I have still greater authority than that which I have just cited. If we look at the votes and proceedings of the house for 1937 we shall find, at page 109 and continuing, reference to decisions given by the Supreme Court of Canada concerning certain legislation which had been enacted by parliament. Then, if we go further, we find that certain bills to repeal these measures were introduced in this house by the hon. member for Temiscouata (Mr. Pouliot). Those bills were introduced to repeal acts which were not on the statute books and which in fact were no longer operative. In the face of what has taken place, I submit that the decision rendered in 1922 by the then Speaker has been changed. If we refer to the remarks of the Minister of Justice (Mr. Lapointe) when the hon. member for Temiscouata introduced his bills, we find that apparently the minister had no objection at all; he simply said they were purposeless and there would be no objection if the member felt that they should be introduced. I ask you, sir, to consider the bill that I desire to introduce. With the authorities I have quoted I submit it should be possible for me to introduce this bill. Before I sit down let me say again that I do not raise this question of privilege with any feeling of resentment; I desire only to make my position clear. I believe it will be in the interests of the house to have this question settled once again as the authority seems to have been changed since it was settled before. There should be a definite decision as to whether it is possible to introduce a bill to repeal an act which has been spent.

Right Hon. ERNEST LAPOINTE (Minister of Justice): I do not know anything about the matter referred to by the hon. gentleman except from what I have just heard. The Military Service Act contained a clause to the effect that it would be in force only for the duration of the then war which ended in 1918. According to the provisions of the act itself, it expired with the war. An hon. member, I do not know which one, introduced a few years ago a bill of the same kind as the one which my hon. friend wants to introduce, and the then Speaker said that that law was no longer in existence. I cannot remember, but I think I said that there was no use in killing a dead horse. My hon. friend refers to the bills introduced last year by the hon. member for Témiscouata (Mr. Pouliot). The acts referred to in those bills were still on the statute books. The decisions of the privy council and of the supreme court, which have been cited very often in this house, were as to the legality or validity of the acts, but they did not have the effect of repealing those acts. The laws were still in existence and the bills introduced by the hon.

member for Témiscouata were in order. The hon. member will realize the great difference between his bill and those introduced by the hon. member for Témiscouata. As far as I am concerned, I have no objection to his introducing his bill, but I think it would be hard to kill the act again because it is dead.

Mr. PELLETIER: I have no desire to debate this question at this time, but I might remind the minister that when he says that this is simply killing a dead horse, the fact is that when a dead horse has lain around without being buried it may create an awful stench.

Mr. LAPOINTE (Quebec East): That is why you should not touch it.

Mr. PELLETIER: It could not be touched if it was buried. Nevertheless, Mr. Speaker, I simply ask you to tell me whether I am to be permitted to introduce this bill.

Mr. SPEAKER: If it is necessary to make a statement on the matter, I shall do so later.

SOLDIER SETTLEMENT ACT

EXTENSION OF TIME FOR ADDITIONAL CREDIT ON PAYMENT OF ARREARS OR INSTALMENTS—MOTION WITHDRAWN

Mr. R. A. PELLETIER (Peace River) moved:

That, in the opinion of this house, the government should consider the expediency of amending section one of "An Act to amend the Soldier Settlement Act," being chapter ten of the statutes of 1936, as follows:—

That the words reading "up to and including the thirty-first day of March, 1938" which appear in that section, should be changed to read as follows: "Up to and including the thirty-first day of March, 1941."

He said: Mr. Speaker, this resolution was placed on the order paper on January 27 last. Since then I have been highly gratified to find that the government has followed my lead, anticipated my motion and brought in a bill to amend the Soldier Settlement Act. I shall, therefore, with the consent of the house, and after saying just a few words, ask permission to withdraw the motion.

May I add that last year I brought in a resolution asking for a commission to investigate certain western problems, and one was appointed; this year I bring in a motion for the enactment of certain legislation, and once more I find the government following my lead and bringing down the legislation. I could not help being much gratified.

The hon. member for Comox-Alberni (Mr. Neill) has moved an amendment to the bill brought down by the government. I do not agree fully with the bill as introduced, but I shall reserve my remarks until the house again goes into committee on the bill. I desire only to say in conclusion that I hope the government will continue to follow the lead I give them in respect of any further good measures the introduction of which I may suggest.

With the consent of the house, Mr. Speaker, I ask that the motion be withdrawn.

Motion withdrawn.

CORN

PROPOSED IMPROVED MARKETING FACILITIES AND PROVISION FOR STORAGE, DRYING, GRADING AND INSPECTION

Mr. PAUL MARTIN (Essex East) moved:

Whereas the creation by parliament of a board of grain commissioners indicates governmental interest in the movement of grain throughout Canada for both domestic and export sale;

And whereas, from time to time parliament has enacted measures dealing with the grain trade, providing for inspection and other necessary services;

And whereas, in the southwestern peninsula of the province of Ontario the bulk of the production of corn in Canada is to be found, this production being an important factor in the income of the farming community and the economy of the area generally;

And whereas, the facilities for the marketing of the said production are inadequate,

Therefore be it resolved,—that, in the opinion of this house, the government

(a) should consider the necessity for improved marketing facilities;

(b) should consider the need for providing adequate storage, drying, government grading and inspection facilities in order that the quality of the corn be improved and its production increased.

He said: Mr. Speaker, I rise to-day to speak on the subject of corn, which Mr. Ritchie, the first Chancellor of the Exchequer in the government of Lord Balfour, characterized as "in a greater degree a necessity of life than any other article. It is a raw material; it is the food of our people, the feed of our horses and our cattle." I trust that no one will regard me to-day as being local in my outlook. On previous occasions when I had the pleasure of addressing the house, I should like to think that I gave evidence of an interest not purely in sectional problems but in those which concerned the nation as a whole. If to-day I speak on a resolution which deals particularly with the area from which I come, it will not be from a lack of appreciation of our greater problems, but rather because of the realization that this particular problem greatly concerns the farmers of southwestern Ontario, and indirectly the people living in the towns and cities of that area.

The Minister of Agriculture (Mr. Gardiner), who unfortunately will not be in his seat to-day, speaking in my constituency last June, said:

> That shows that the question of the rehabilitation of agriculture is not altogether confined to the drought areas of western Canada. There is something wrong with the whole economic system upon which agriculture rests.

In respect of southwestern Ontario, commenting upon this statement of the Minister of Agriculture, I suggest that the reasons for this condition are four: First, faults in the marketing system; second, a very great lack of grain-conditioning equipment; third, a total lack of governmental inspection and grading of grain; fourth, a complete inadequacy of storage facilities which would bring about what I might call a "market place" for the grain in this area.

This is not the occasion to go into the history of this particular problem. I should like to begin with the imposing of the tariff by the government of the right hon. gentleman opposite (Mr. Bennett) in 1931, at the instance of the corn growers on whose behalf I am speaking. That tariff sought to protect the corn growers of western Ontario and other parts of Canada against the great corn-growing area of the United States and the Argentine. However, when the tariff was imposed, corn came in free from the British Empire; in effect, from South Africa, under the British preference. The result of the tariff, while I do not deny its great value, was to substitute for the Argentine and the United States, as competitors against our corn producers, the Union of South Africa. The great difficulty of the latter competition was that a situation existed which did not exist with the other two competitors, because our farmers had then to compete not only against a properly graded and inspected commodity, but more particularly against a corn grower who was subsidized to the extent first of nine cents, and later twelve cents, a bushel in respect of all corn exported from South Africa. In addition, the corn coming in from South Africa —and this was the case not only when the right hon. gentleman opposite was Prime Minister but also during the present administration—was conveyed to Canada in the ships of the Elder Dempster line, which received and continues to receive a subsidy at the hands of the government of this country. So on these two grounds alone the corn growers on whose behalf I am speaking to-day were doubly prejudiced.

While this problem is sectional and partly local, it has not, in my judgment, been effectively brought to the attention of parliament, certainly not of this parliament to my knowledge. Consequently I am submitting this motion to-day. But that does not mean to say that the departments of government, Agriculture and Trade and Commerce, have not been alive to the problem. Three surveys have been made, in 1932, 1935 and during last year, and certainly two of them—only two have been made public—indicate the strength of what I am trying to say to-day. I ask the government, and particularly the Minister of Trade and Commerce (Mr. Euler) on his own behalf and in the absence of the Minister of Agriculture, to realize the consistency between what I have to say now and what these reports indicate. The great anomaly is this, that in a country as fertile as Canada so far as the growing of corn is concerned, domestic production is below domestic consumption, and we have to import from other areas as far as 6,000 miles away a product which can be grown in this country satisfactorily and in adequate quantities. The reason is, not better sales methods on the part of South Africa or the Argentine, but that in Canada we suffer from a total lack of facilities whereby there could be a definitely desired relation between the producer and the consumer trades generally.

An hon. MEMBER: And cheaper freight rates.

Mr. MARTIN: Some one says, "and cheaper freight rates." That certainly is one aspect of the problem; I thank the hon. member for mentioning it.

I propose to be as factual as I can—to state the problem and then briefly, upon the basis of these facts, to state what I think should be done.

There are at least five great corn-growing areas in the world—Roumania, the Argentine, the United States, South Africa and Canada. The average yield of corn for the fifteen years from 1919 to 1933 inclusive is as follows:

	Bushels per acre
Roumania	18
Argentina	27
South Africa	13

I have not broken down in the cases of the United States and Canada the average yield during the same period, but over a forty-five year period the figures are as follows:

	Bushels per acre
United States	26
Canada	45·9

This of itself is extremely convincing. It demonstrates that our soil is as well adapted to a heavy production yield as that of any country in the world. In addition, if one were to examine the record of the corn

growers in my county of Essex and in the counties of Lambton, Elgin, Norfolk, Kent and Middlesex, one would find a great record of achievement at shows held in Regina, Chicago, and at other important grain shows, particularly by the farmers of Essex and Kent counties, which fully vindicates the quality and the great potentialities of the soil in these counties.

The major argument which is levelled against the thesis I have in mind is, "You cannot satisfy the national consumptive needs of Canada. We have to import, because you cannot grow in southwestern Ontario and in parts of Manitoba enough corn of the proper quality to satisfy our needs."

Let us see if this is true. In 1903 Ontario produced from 378,924 acres a total of 19,525,259 bushels, some 4,000,000 bushels more than the present total domestic consumption. In the twenty years 1895 to 1914 inclusive Ontario produced an average yield of 15,596,871 bushels from an average area of 326,087 acres. The total acreage devoted to corn in 1936 was 164,399 acres, with a production of only 6,082,942 bushels. With the permission of the house I shall place on Hansard the following statement showing the production from 1931 to 1936:

Husking Corn Production in Ontario

Year	Area	Production	Average price Cents per Bushel
	Acres	Bushels	
1931	123,960	5,434,159	42
1932	130,257	5,056,623	45
1933	136,596	5,054,297	59
1934	161,137	6,797,863	65
1935	167,710	7,764,981	45
1936	164,400	6,083,000	70*

*Provisional estimate.

This, compared with the heavy yield of 1903 and successive periods up to the advent of the corn borer, indicates a substantial difference as compared with the earlier period. Our greatest production in the period from 1931 to 1936 was 7,764,981 bushels. The highest acreage was 167,710 acres. When one considers that the average yield from 1892 to 1935 was 11,737,231 bushels, and compares it with the fact that now we are producing slightly under half of our total national requirements, it appears that something is seriously wrong. If we take the six counties of Essex, Kent, Lambton, Middlesex, Elgin and Norfolk, the figures reveal that in these counties is to be found the great corn belt of Canada; the acreage in these six counties for the year 1936 amounted to 137,448 acres, and the total production, to 5,218,710 bushels. This table which I am summarizing and which I also wish to place on Hansard accounts for 84 per cent of the acreage devoted to corn in Canada and 85 per cent of the total yield, and the counties of Essex and Kent provide 64 per cent of this total acreage and 65 per cent of the total yield of the province.

If we take the six counties of Essex, Kent, Lambton, Middlesex, Elgin and Norfolk, the acreage and production for 1936 were as follows:

County	Acreage	Production bushels
Essex	55,373	2,048,801
Kent	49,025	1,931,585
Lambton	10,271	415,976
Middlesex	5,007	163,228
Elgin	10,050	381,900
Norfolk	7,722	277,220
Total	137,448	5,218,710

This is a factual recitation, but I hope that for the next few minutes the house will bear with me as I lay before it statements from which I may be able to make certain deductions. There can be no question that the corn belt of Canada is in southwestern Ontario. The charge is constantly made, as I said earlier, "But you do not supply our national requirements. That is why we have to import from South Africa. That is why, in the case of drought in South Africa, the tariff has to be suspended and we have to import from the Argentine." May I address myself to that aspect of the problem? There are in these six counties—and I confine myself to them because of their priority—3,232,064 cleared acres of assessed land. Of this assessed land, 2,753,156 acres are actually in cultivation.

County	Acres of assessed land	Acres cleared
Essex	416,382	279,905
Kent	568,486	505,590
Lambton	662,540	551,186
Middlesex	754,113	679,802
Elgin	436,863	365,220
Norfolk	393,680	271,453
Total	3,232,064	2,753,156

I wish to discuss briefly a table showing the importation, consumption and production of corn, not only with respect to these six counties but with respect to the whole of Canada. It will reveal, as the right hon. gentleman opposite once said in this chamber, a great anomaly, that an agricultural country like Canada, which at one time in its history produced more corn than was required for the national needs, at this time finds itself compelled to import corn from abroad. The reasons will, I hope, be clear before I have resumed my seat. For the years from 1930 to 1935 we find that the heaviest production in Canada was 7,765,000 bushels; the highest importation, 11,432,000 bushels, and the highest con-

sumption 16,581,000 bushels. The table is as follows:

Year	Production (in thousands of bushels)	Importation	Consumption
1930	5,149	11,432	16,581
1931	5,434	9,664	15,098
1932	5,057	7,214	12,271
1933	5,054	5,508	10,562
1934	6,798	8,327	15,125
1935	7,765	8,525	16,290

Surely it is evident from the facts I have presented that we can grow corn in satisfactory quantities and of satisfactory quality. But we are importing corn from abroad, and in consequence the farmers who grow the same kind of corn are losing one of their best cash crops from which, as I shall show, they could derive a handsome revenue. The above table indicates that from 1930 there has been a definite improvement in the production of corn in western Ontario, for a number of reasons, not the least of which is the almost complete arrest of the corn-borer with its terrible infestation. The great question that faces us is: Can corn production in western Ontario be increased to a point where it would satisfy Canada's complete consumption requirements? The answer is definitely yes.

If we take the wider field of the six counties which were devoting 137,448 acres to corn out of a total acreage of cleared land of 2,753,156 acres, it would be a simple matter to increase the corn acreage by a mere 175,000 acres; it would mean simply a return to the corn acreage of 1895 to 1914 of 326,087 acres.

Anyone who will glance at the income levels of the rural area from which I come will find that our farmers are devoting a good portion of their cleared land to the production of commodities which do not yield as remunerative returns as do some others. One of the most distinguished corn growers and one of the leading farmers of my constituency, Mr. William Wallace of Woodslee, Ontario, president of the Ontario Corn Growers' Association, wrote recently:

> Our land is too valuable for the profitable production of oats and barley beyond what we need for feed and seed. The farmers in the corn belt of the United States found this out long ago, and while in the years of exceptional yield like two years ago, an oat crop will pay dividends, the average crop usually cannot be sold at a profit.

Commenting on that statement I call the attention of the house to a table which appeared in a recent number of the Ontario Department of Agriculture's statistics branch, entitled Production and Value of Principal Farm Crops, 1936, in the western Ontario area. That table shows that fall wheat brought $26.71 per acre; oats, $13.68; barley, $21.60; peas, $18.91; beans, $26.66; corn, $25.16. Oats is in point of financial return one of the lowest of these commodities, one in which southwestern Ontario competes against western Canada. We are actually devoting 24,191 more acres to oats than to corn, and the six counties, comprising the corn belt, are devoting 249,195 acres more to oats than to corn.

Mr. BENNETT: It is because of the demand from the Quaker Oats and other companies.

Mr. MARTIN: Partly. But another reason is that we have not the facilities to deal with our own corn so as to reach a much wider market. I am glad the right hon. gentleman has interjected. He is aware, I have no doubt, that at the present time corn for starch and cereal purposes comes into Canada free. We have two large starch companies in Ontario, one at Cardinal, and one at Port Credit. I have it on their own authority that they consume 2,500,000 bushels a year. This corn comes into Canada from the United States. They will not buy the corn of western Ontario because of its moisture content, the absence of grading and government inspection, and the fact that the corn does not reach them in a proper state and in sufficient bulk and readily enough to make it a secure market. Let me quote the president of one of these companies in this respect. He says:

> We have found it quite impossible to buy corn in sufficient quantity for our requirements from all the different dealers and farmers who have it for sale, but who will only let us have a car or two at a time. You will naturally understand that this is not a dependable source of supply for us, considering the fact that we use five to six cars per day—there is no chance of our getting any Canadian corn by water as there is apparently no place where it can be loaded.

Next I would quote with reference to the Port Credit company, from a bulletin issued by the Department of Trade and Commerce in 1932:

> This firm uses over 1,000,000 bushels of white corn annually, and cannot see why their present sources of supply, which are bought at Chicago, should not be obtained in the corn belt of western Ontario. Have purchased Canadian grain from Essex and Kent when they could get it, but have given up hope of effecting satisfactory arrangements for regular shipments, pending adequate handling facilities in the Canadian producing zones.

These two statements could be added to by buyers throughout the country. They indicate not an unwillingness to buy the Canadian commodity but a natural reluctance to buy a product which they feel they cannot obtain in proper condition and with respect to which they cannot obtain a guarantee, as is the

case in South Africa, on the strength of a government certificate of inspection. Moreover, the corn is not readily available in bulk.

Another contention is that this corn should be used for feed. It is argued that it should go into hog production. What has happened in the Argentine is true in Canada, and as this is an important point I shall dwell on it for a few moments. Speaking of my own county, Essex, in 1908 we had in live stock:

Swine	124,615
Cattle	54,212
Sheep	19,742
Horses	22,325

In other words, a total of 220,894 in terms of live stock. The trend in our area was steady until 1917. It dropped in 1918 to 92,414 and remained under 100,000 for five years. In 1926 there was a drop to 95,026. This is what I would impress upon the minister in case he should labour this argument. While, formerly, 80 per cent or more of the crop in Essex county—and this would apply generally to western Ontario—was fed locally, this has now been reduced to from 50 to 60 per cent. Ever since 1926 there has been a steady decline until 1936, when the live stock figures for Essex county were:

Swine	37,674
Cattle	29,298
Sheep	11,606
Horses	14,588
Total	93,166

What deduction does one draw from this? It is the obvious one that farmers are inclined to grow cereal crops and sell for cash rather than to turn some of their land into pasture and raise grain on the rest of the land to be used as feed as was done thirty years ago. The grain production of western Ontario finds a home market in Canada. Those interested in live stock and its production sell in a highly competitive export market. Is it therefore any wonder that there should be this evidence of a decrease? And the same is true of the Argentine and other great corn-growing countries. To prove this I quote Mr. J. A. Strong, Canadian Trade Commissioner, Buenos Aires, in The Commercial Intelligence Journal of the Canadian Department of Trade and Commerce of February 6, 1937:

> Whereas Argentina beef exports are now less than fifty per cent of the 1927 level, the acreage sown to all cereal crops was increased by 10·01 million acres between 1926 and 1927 and 1934 and 1935. The acreage in grain was increased steadily over this period, despite the general downward trend of wheat and corn prices. This does not indicate that cattle prices necessarily decline relatively more than grain prices, but rather that the large landowners, although they could not make a profit in producing beef were always able to find tenant farmers ready to cultivate their land.

So I do not think any hon. member would seriously advance the old argument that in the case of this fertile area we should exclusively feed corn to hogs. I am frank to admit that while the soil of Essex county and western Ontario generally is capable of this high quality production, the fault lies at home. Corn coming here from South Africa has a moisture content of twelve per cent, due largely to climatic conditions, together with adequate drying, grading, marketing and storage facilities which they have in that country. In Ontario, November is generally the period for husking corn. At this time the moisture content runs between twenty and twenty-five per cent. This is, of course, most unsatisfactory. It has run in wet periods as high as thirty per cent. Our moisture content is pretty much the same as that of the United States; but in the case of the latter, the great corn belt in the midwestern area of the United States has its drying and grading facilities by which this disadvantage is obviated.

There are two ways of drying corn. Here again we have the traditional argument that the natural way is the best way, putting it in cribs. The alternative is artificial drying. The artificial drying of corn may be done within an hour or an hour and a half. The natural drying of corn in the area of which I am speaking takes six or eight months. The result is that naturally dried corn in Canada cannot get the benefit of rising prices, and is unable to take advantage of credit facilities which in the case of South Africa assure a steady flow of corn to market, permitting the farmer to take advantage of favourable prices.

I contend that the Canada Grain Act is not being applied. Our grain act requires that No. 1 and No. 2 corn shall contain not more than sixteen per cent moisture, No. 3 corn a maximum of nineteen per cent. Yet corn in Essex county—I speak of Essex because I know it best—reaches market after husking with from twenty to twenty-five per cent or, in some instances, as high as thirty per cent of moisture. The provisions of the grain act in this particular are not being complied with.

As South Africa is our main competitor, I think I should put on record the comparative chemical contents of the corn produced there and in Ontario:

	Ontario Per cent	South Africa Per cent
Moisture	17·05	13·00
Starch	52·29	55·30
Oil	3·85	4·13
Protein	9·62	8·70

This shows that the quality of corn from both countries is relatively equal.

Dr. Grisdale, former Deputy Minister of Agriculture, reporting in 1935, said of western Ontario corn:

> Corn thus husked not in shape to sell or ship or store shows eighteen to twenty-two and twenty-three per cent moisture. To ship or store safely it should not have a moisture content of over thirteen or fourteen per cent.

It seems to me that having in mind the provisions of the grain act there can be no justification for not applying them to Ontario as well as to western Canada. If that were done, corn growers in Western Ontario as well as farmers generally would find themselves enjoying advantages now denied them. With the permission of the house I wish to place on record a statement showing a comparison of prices of South African and Ontario corn.

Mr. SPEAKER: It is not permissible to hand such statements to Hansard unless the hon. member reads them. It is only by the courtesy of the house that the Minister of Finance has been allowed to do so in making his budget speech.

Mr. MARTIN: I am coming to that. This table shows a comparison of prices of Ontario corn with corn from the Argentine and from South Africa, during the years 1934, 1935, 1936 and 1937. Ontario corn sold at a discount of about twenty cents a bushel under South African or Argentine corn when, in the case of the latter country, the tariff was suspended.

Mr. REID: At what point?

Mr. MARTIN: At any point. I am taking the average—maritime provinces, Ontario, or even as far as British Columbia. The average discount is about twenty cents. Why? Because of the lack of those facilities which would send our corn to market dried, graded and properly inspected by the Department of Trade and Commerce.

Mr. MacNICOL: May I ask how the hon. member proposes that the corn shall be dried?

Mr. MARTIN: I intend to come to that. These facilities the Argentine and South Africa have. The comparison of prices reveals that during the late summer and early fall Ontario corn commands a relatively high price, because buyers then know that the corn of the previous year, having been naturally dried, is available in the condition in which corn from South Africa would be immediately after husking, because of the drying process which it undergoes there. Apart from moisture content, apart from lack of government grading, Ontario corn would then be seen to be equal in every respect to the corn from other countries.

Now I come to the kernel of what I have stated. These are the facts. What does South Africa do? What has the Argentine done to process properly and facilitate the marketing of the corn grown by its farmers? In the case of South Africa, until last year, over a five year period $4,075,000 was paid in subsidies by the government of the Union of South Africa to the corn growers of that country in respect of corn exports to other countries. In the case of Canada, as a result of the trade agreement of August 30, 1932, the subsidy was not to apply to shipments to Canada. Actually—if one had time one could prove—that the consumer in Canada paid the subsidy, which, under the treaty, was not to be extended to the South African corn grower.

Here I quote from the year book of the Union of South Africa for 1937, summarizing what is done in that country:

> A well appointed system of grain inspection and testing at shipping points has been established, and every endeavour is made to maintain a regular and cheap overseas service for the export trade of the country. South African maize—

Or, as we call it, corn—

> —is marketed overseas on a "Government Certificate Final" basis. These certificates are accepted by the Overseas Corn Trade Associations. All South African maize and maize products are graded at the ports or at inland centres by government graders.

That is South Africa, where there is government grading and government inspection. A test is made of the moisture content of the corn. The corn is not allowed to be sold in certain channels unless it satisfies the test. Obviously, having in mind the moisture content of western Ontario corn, and having in mind the severity of these requirements, the Canadian corn producer cannot possibly compete, to a measure of satisfaction, with this imported corn.

In the case of the Argentine the measure of control is even more startling. It is curious to note that the measure of control there is based upon a grain act, which is the exact model of our own grain act. In other words, a grain act, based upon our own act, has been adopted in the Argentine, and its provisions, identical with ours, are actually put into effect —government inspection, government grading, adequate storage facilities and the like. But these are denied us.

May I now take a moment to analyze our grain act. I would first call the minister's

attention to section 9 of the act which provides:

The board and the chief commissioner shall have jurisdiction, upon or without complaint made, to inquire into any matter relating to

(a) The grading of any grain;

(b) The weighing of any grain;

(f) The deterioration of any grain during storage or treatment.

Then section 12 provides:

The board may make regulations or orders not inconsistent with this act—

To bring about:

(d) establishing inspection districts and fixing the boundaries thereof from time to time;

Again, farther down in the section, the board shall have power:

(r) In particular, fixing or approving the maximum charges to be made for the discharge of grain into and out of elevators, and for the insurance against fire, storage, cleaning, treatment and handling of grain while in any elevator.

Then, sub section (t):

(t) Governing the procedure to be followed at elevators in respect to the receipt and discharge of grain and the handling, treatment and shipping thereof while in such elevator.

Then, in part of section 25 the board is given power to appoint an eastern committee, and the section goes on to say:

—which committee shall have jurisdiction to select and settle the standard samples to be used in the current crop year in connection with the grading of eastern grain,—

I might add—as seems best in the national interest. I submit that in the national interest, and certainly in the interests of western Ontario—and that is not contrary to the national interest—if nothing else is done, these sections in the grain act should be applied to improve marketing facilities, grading facilities, inspection facilities, weighing facilities and storage facilities of the farmers in my area, so that they might be able satisfactorily to compete with the farmers of other countries.

Mr. EULER: What does the hon. member mean by storage facilities?

Mr. SPEAKER: The hon. member has exhausted his time for speaking.

Some hon. MEMBERS: Go on.

Mr. MARTIN: I should like to make one or two further observations, if the house will permit me. I mean that there should be an opportunity provided—and it will be up to the Department of Agriculture to decide—whereby any one who wants corn in bulk, based upon government certificates, will be able to get it. At this stage I do not propose to make any further proposals, except to state that, having in mind the situation in South Africa and in the Argentine, it is inconceivable that there should not be a "market place" which would obviate the present inadequacy of storage facilities.

I have stressed the need for government grading and government inspection of corn. I do not think I am asking too much. Surely the western farmers, who have those privileges in respect of wheat, would not deny them to eastern farmers. In answer again to what the minister has just asked may I explain, as definitely as I can, what I have in mind. It should be possible to assemble stocks of corn in quantities. It should be possible to have records of these stocks, so that any purchaser in any part of Canada would have some knowledge of the situation and some assurance that he could get corn in large quantities, backed by certificates, which would give the authority and security accorded in other countries and, as someone has suggested, would assure a continuity of delivery.

Mr. MacNICOL: How would you dry it?

Mr. MARTIN: I would dry it with artificial driers, working in harmony with the drying facilities now in existence and these, in turn, working in harmony with the country elevators. The country elevators in my district are performing a great service, and they would be partners in the general scheme I have outlined.

Before resuming my seat may I summarize what I have said: I do not think it is my job to seek out under whose jurisdiction this problem may come. I suspect a good deal of it is a matter for the Department of Agriculture, and I suggest that much of it should be borne by the Department of Trade and Commerce.

With regard to the Department of Agriculture, I suggest its mandate is this:

1. In essence there are two types of corn, white corn and yellow corn, each having several varieties. The Department of Agriculture should provide the direction necessary to supply farmers with seed of those varieties best suited to the soil and climatic conditions of southwestern Ontario.

2. Starch and cereal manufacture require the white type of corn. Consequently the Department of Agriculture should make a census of the requirements of these.

3. The yellow type of corn is used in the feeding and other trades, the distinction in colour requirements being extremely precise. The Department of Agriculture should

give direction in this particular. This is already being done in part by the efficient seed branch of the federal Department of Agriculture, together with the experimental farm at Harrow, in Essex county.

4. The quality of the Ontario farm crop should be approached, first through the introduction of an early maturing variety suited to the requirements of the manufacturers. Again this is a matter for the Department of Agriculture.

I do not wish to take advantage of the privilege extended to me of speaking too much beyond the limited period, but there is one matter I should like to bring to the attention of the house. In this connection I refer to the Commercial Intelligence Journal of November 23, 1935, to reveal what the Department of Agriculture in the Argentine has done in respect of these four items:

Control over the growing of grain is further strengthened by forbidding farmers of institutions producing seed of any new variety of grain without the approval of the ministry of agriculture. Producers wishing to introduce new varieties will be required to submit samples for approval and, if accepted, a certificate will be issued recognizing the right to deal in the seed; this certificate will give details regarding the grain and the zones most suited for its development. New varieties will only be authorized, however, when they represent some new advance over those already produced in the country, and they will be grown under the control of the ministry of agriculture.

I am not an expert on agricultural matters, but am merely a member of parliament speaking on behalf of the people who have discussed this subject for a number of years and, seemingly, are almost discouraged, believing that they will not get any government in the country to take an interest in their problem or to deal with it as seriously as they wish. I am complaining not only about the present government, but about successive governments.

5. Provision should be made for greater adequacy of drying and storage immediately after husking, to enable the farmer to ensure a steadier flow of corn to market in order to take advantage of favourable price opportunities and to ensure the satisfactory warehousing of corn by purchasers and consumers, this in addition to already existing facilities.

6. There should be adequate government grading and inspection facilities so that consumer confidence may be established in Ontario corn, resulting in better prices for producers.

7. There should be government weighing facilities thereby eliminating disputes regarding weights. I wish I had the time to go into this matter in detail. The farmer has never had an opportunity of knowing with any degree of accuracy whether the statement on his record of weight, when he sells, is correct.

8. We should also consider the possibility of bringing about cheaper freight rates, having in mind the opportunities of water transportation and the like at the disposal of those living in western Ontario.

My final requests are based on a report prepared before the advent of this government. This report was authorized by the hon. member for Kootenay East (Mr. Stevens) when he was Minister of Trade and Commerce. A summary of the report is as follows:

(a) The six counties are an excellent grain producing zone and could apply their acreages much more profitably.

(b) The greatest menace, namely, the corn borer, is definitely under control.

(c) Freight rates by rail from points in these counties to the large consuming markets are too high to permit competition with imported grain.

(d) The drying facilities are entirely incompatible with the amount of grain to be treated.

(e) The assembly of the widely distributed grain at a central point is indispensable to the proper marketing.

(f) The producers will receive a higher price only when their grain is properly conditioned and graded.

These are important requests made on behalf of the people, not only in one county but in six.

May I say in conclusion. I represent a constituency that grows perhaps more corn than any other area in Canada. Its population is made up of people representing the twin cultures of this country, French and English speaking. The French have a tradition that goes back before the days of confederation, to the days of the formation of this area as a British colony. They are a happy and contented people, but they are a struggling people who demand attention. They are worthy of the concern which I have shown on their behalf in making this plea. The same is true also of their English speaking neighbours. There are others in my constituency who speak neither French nor English but the tongue of central European countries and other parts of the world. In the rural as well as the urban areas of my constituency are men and women who are doing their best to improve their economic level. I am convinced that if this resolution could be regarded in the spirit in which it is offered, the people on whose behalf I am speaking will have everlasting gratitude toward the government of this country.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, I find myself to a certain degree in accord with the resolution, and I desire to say a word or two in support of it.

The hon. member for Essex East (Mr. Martin) has presented a splendid case for the corn producers in the six counties in the province of Ontario which he has named. He has set out the difficulties under which they are labouring with respect to grading, storing, drying and marketing. If the hon. member had been speaking from about the seat now occupied by the hon. member for Marquette (Mr. Glen), we might have thought that the former member for Essex South, Mr. Eccles Gott, had been returned to the house. I can remember the former member presenting on many occasions the case for the corn growers for that part of Ontario in about the same tone of voice. Many times we heard him presenting their case and advocating better facilities for the grading and storing of corn. I am surprised that the member for Essex East (Mr. Martin) did not go as far as the former member and advocate the building of an elevator at Windsor.

The former member also suggested and supported the duty that was placed on corn in 1931. The production of corn is fast becoming an important branch of agriculture, and certainly the facilities for grading, storing and marketing should be improved. The hon. member has said that the present lack of these facilities affects the six counties to which he has referred. The area in which corn can be produced in Canada is gradually moving farther north. I shall not go into the production figures—the hon. member has given them in detail—other than to say that the annual production of corn is something over 10,000,000 bushels.

I would remind hon. members that corn has been produced and successfully brought to maturity in each of the three prairie provinces. At Macgregor, Manitoba, at Indian Head, Saskatchewan—both at the experimental farm and in the surrounding country—and at Swift Current, corn has been successfully grown and matured. Corn produced and brought to maturity at Indian Head was in the prize list at the international grain show held in Chicago a few years ago. It was commented upon by the judges as being a splendid sample. I could put on record some of my own experiences in growing corn, but I do not think they would serve any useful purpose.

There is a considerable market for corn in British Columbia, which imports from 2,500,000 to 3,000,000 bushels for purposes of dairy stock and poultry feeding, and we should endeavour to get the British Columbia market. The hon. member says that we certainly should have the Ontario market. He referred to the fact that in 1931 a duty was imposed on corn from the United States and the Argentine. That duty was imposed, partly because certain members from Ontario presented an argument to the government similar to that presented to-day by the hon. member, but more particularly because the then member for Souris, Mr. Errick Willis, and myself, urged this move upon the government. We took this action in an effort to get the British Columbia market for coarse grains. We wanted the grains grown on the prairies to replace corn coming in from the United States and other countries. That was the real reason why the duty was imposed.

I have a suggestion to make to hon. members, one that I think is worthy of consideration. The bill to amend the Canada Grain Act is to come before the agriculture committee within the next day or two. No doubt representatives of the board of grain commissioners will sit in with the committee, and I suggest that the subject matter of this resolution be presented to the committee—possibly the hon. member for Essex East himself would appear before the committee and present the case—when we have the commissioners present. I think if the hon. member would take it up with the Minister of Trade and Commerce (Mr. Euler) that could easily be arranged. The agriculture committee is I believe the proper place to discuss this question. While many members of the house come from parts of the dominion that are not very much interested in corn, undoubtedly the agriculture committee would be interested, and I think we should avail ourselves of the presence of the representatives of the board.

Mr. EULER: The chairman of the board of grain commissioners will be here in connection with a small amendment that is to be made to the grain act, but later on it is proposed to have a complete revision of the act—

Mr. BENNETT: This year?

Mr. EULER: I hope so, and this matter might be more appropriately taken up at that time.

Mr. PERLEY: I thank the minister. But I would suggest that at least it be mentioned to the chairman of the board when he is here, and possibly arrangements could be made for a hearing.

Mr. EULER: I have no particular objection.

Mr. PERLEY: In conclusion I would suggest that when the production of corn in Canada becomes such that it will be sufficient at least to take care of the domestic market, a duty should be imposed that would secure that market to the Canadian producers. I have pleasure, Mr. Speaker, in supporting the motion, and I trust that my suggestion may also be considered.

Mr. G. W. McDONALD (Souris): Mr. Speaker, I wish to concur in the resolution introduced by the hon. member for Essex East (Mr. Martin). True it deals altogether with corn, but it mentions marketing facilities, and it is along that line that I wish more particularly to speak.

It is quite true, as was stated by the hon. member for Qu'Appelle (Mr. Perley) that we can grow corn in western Canada. We have been growing corn there for some time, and I am pleased to say that the province of Manitoba has encouraged the production of corn. There are boys' and girls' corn clubs all over the country, and in the adjoining constituency of Lisgar they are producing corn by the carload. They have a drier, and one man there is making considerable money out of it. He is able to produce seed corn the equal of that imported from the United States. I believe that as time goes on we shall grow more and more corn. I do not believe any wheat-growing country long continues to grow wheat alone. That has been our experience in Canada. I remember when we grew a lot of spring wheat in Ontario, but the rust took it and we had to turn to fall wheat, and that was none too favourable. I do not think the Ontario farmer is trusting very much to-day to wheat to make the bulk of his income. We in the west, I am happy to say, are able to do that, but the time may come when we shall not be able to produce such large quantities of wheat, and we are therefore giving considerable attention to the growing of corn.

We have efficient and well organized grain inspection system and grain weighing departments in the west, as was stated by the mover of the resolution. They are conducted by the government. It is quite true that all the farmers are not satisfied all the time, but I cannot see how the inspectors and weighers, who do not know whose grain they are weighing or grading, can make many mistakes. The odd mistake may be made, but on the whole I think the system is highly efficient.

I am not too sure about the marketing end of the system. I believe it is efficient, but it is conducted on the principle of the auction, and auction sales we know sometimes are not too favourable to the man who has goods to sell.

I heard the hon. member for Qu'Appelle say the other day that this government had put on a fire sale of wheat. I am not satisfied with that statement. It is a statement that is quite easy to make; but, looking back, would he have made it three years ago? Could he have said it with the same certainty of getting as many farmers to believe it, if we had had bounteous crops in the meantime? I should like to remind him that day after day during the years 1932 and 1933, where the freight rate on grain was 25 cents per hundred, wheat was selling on the streets in all the western towns for 20 cents, oats for 5 cents, and barley for 7 or 8 cents. Those I claim were the fire sales. Never again—I do not care what government is in power—should we let prices slip to such low levels, away below the cost of production.

But as I said, it is the marketing that I wish particularly to discuss. I know that very many favourable things can be said of the highly organized grain trade that we have in this country, but the day will never come when the makers of farm implements or other goods in this country will allow their goods to be sold on a commission basis. They will never take any such chances, and how can the farmer take such chances? He cannot do it unless he is prepared to go out of business. There is no good reason why a commodity as staple as wheat or any other of our farm products should be allowed to fluctuate so widely in price. Wheat has been known to fluctuate as much as twenty cents a day; I have seen that myself, and nobody can say that that is a good system.

I have always had the suspicion, Mr. Speaker, that the pool was allowed to go on the rocks because those who had their money behind it did not want it to succeed. I was never very enthusiastic about the pool, but I know the farmer has just as much right as anybody else to sell his goods the way he wants to sell them. The bankers knew how the pool should have protected themselves. The banks have financed the grain movements of this country for years and years, and they knew how it could be financed on a safe basis. But the fact remains that the pools were allowed to buy futures when they were carrying the actual grain. What they should have been doing then, when they were carrying the actual grain, was selling wheat, but the men who encouraged the contrary policy knew well, I believe, that some day the pool would drift on the rocks, and that is what happened.

I made a strong statement against the banks the other day when speaking on the Farmers' Creditors Arrangement Act, and that is one of the things I had in mind. The banks are willing to go into all kinds of business when there is a chance to make big money. When credit is easy they encourage people to borrow, but when a depression is on they take to cover mighty quickly. When they got into trouble with the pools I say that the governments of this country had no more right to go to the aid of the banks in that particular deal than it would have to come to my aid if I were in business and got into trouble. But how easily the bankers can get the ear of the government! I am pleased to say it was not this government, or any federal government; it was the provincial governments. If I had happened to be a member of the legislature at that time, the chances are I should have voted for what was done just like all the rest. The fact remains that the big interests, the bankers, know how to protect themselves, how to saddle the loss on the people and protect their own money.

I quite understand that in this country corn has not quite reached the place of importance occupied by wheat and other hard grains, but I have no doubt that when it becomes as large a crop as it is bound to be in the future, adequate storage and drying facilities will be provided, as well as a system of government marketing, weighing and grading, so that the farmer will have no reason to complain that he is not getting a square deal.

I notice that this resolution calls upon the government to help both the export and the domestic business. We are all much interested in the export end, but the domestic should be encouraged too. I contend that the incidence of our freight rates is entirely unfavourable to the encouragement of the domestic exchange of grain. I cannot understand why that is so. We have a board of railway commissioners who, we claim, are experts. Well, they do some funny things. Consider the trouble that the railroads are having and the great burdens they impose upon this country, and then look at the bus and truck competition. I have noticed that in a part of the country where we have had depression and drought most of the time for the last eight years there is considerable bus and truck competition; they operate routes which parallel the railroads, they buy new equipment, they wear it out and then buy better equipment and they seem to be busier and busier all the time. What is the trouble with the railroads? We live on a branch line, and I do not think they are running as good a train as they ran twenty years ago; yet along that same line we have an up-to-date bus service. All this has been accomplished by the bus lines in the depression years, and I do not believe they are foolish enough to sink their money in a losing game. The railroads stay with the old methods. I cannot understand where the trouble lies. I know they have the brains. But for some reason or other there is a suspicion among a lot of people that the men in control realize that the railroads are no longer a paying proposition and they want to unload them on to the government. I do not know whether that is true, but I do know that truck companies and bus companies are making some progress, even in these days.

The domestic sale of grain from British Columbia to the maritime provinces should be encouraged, and the way to encourage it is to reduce freight rates and put them more on an export basis. The hon. member for Qu'Appelle (Mr. Perley) referred to the tariff. Tariffs are funny things, and I am not going to mix up the tariff with the discussion of this resolution; indeed it has not much to do with it. But I am reliably informed that in the last five years two cargoes of corn passed each other in the St. Lawrence river, one bound from South Africa to Canada, the other from a port on the great lakes in the United States to a port in Europe. Here are two countries living side by side, and this is what happens. The hon. member for Qu'Appelle takes great credit for the imposition of a duty on corn when we had a considerable quantity of barley in this country. I am not going to blame him too much. But is it reasonable that we who are living alongside the United States should have to ship in corn from South Africa? Surely that illustrates some of the absurdities of the tariff, I could continue along that line, but I believe we do not wish to intermix the tariff too much with an important subject such as corn or grain.

I am quite satisfied to support the motion, and I know it will receive consideration by the government. Further, the government will do all it can, I am sure, to assist the marketing of our products. It is very important that some consideration should be given to that matter, and for that reason among others I should like to see a marketing board established. I do not believe that the farmers of this country are able to get the information which will enable them to sell their goods to the best advantage. I know the department is issuing advice along that line, but more should be done to dispose of wheat and cattle and other agricultural products. I am talking from the farmer's standpoint, because the

constituency I represent is purely agricultural; but I want to make it clear that in my opinion there is not a member of this house who is in any way opposed to the manufacturing interests of this country. We do not care where we buy the goods so long as we get them at the right price. I do not think we should have the least enmity against Canadian manufacturers; it would be better for us if they were all prosperous. The point I wish to make is that at present the farmer is not, in my opinion, in a position to get the right information by virtue of which he can intelligently dispose of his goods—that is, to get the best market price for them. For that reason I favour a marketing board and I hope that the government will soon bring down a measure for that purpose.

Mr. H. W. WINKLER (Lisgar): That the present resolution should be introduced by the hon. member for Essex East (Mr. Martin), one of the representatives of the great corn growing district of southwestern Ontario, is quite right and proper. Thirty or forty years ago every school boy in Canada knew that Essex and Kent counties were noted for their corn. I am sure that the same thing holds true to-day. The figures that I have obtained from the department of agriculture as to acreage in the year 1934 will serve as an illustration of this. The county of Essex had planted in that year 53,000 acres, and the county of Kent 40,000 acres, making a total of 93,000 acres, or about 65 per cent of the total acreage devoted to corn in Ontario. That, compared to the Manitoba acreage of 76,000, shows a considerably larger figure for Ontario, but the Manitoba figures are an indication of the strides which corn-growing has made in that province during recent years. It is since 1931 that the increase in Manitoba has been most apparent, the increase being from 7,000 to 76,000 acres.

The constituency of Lisgar, which I have the honour to represent, is very favourably located geographically for corn growing; I believe it grows more corn than any other constituency in Manitoba. That is by the way; but because the production in a certain section of my constituency has a special bearing on the resolution before the house I should like to discuss the resolution in relation to two small areas known as the rural municipalities of Rhineland and Stanley. These comprise only nineteen townships, but to-day they are the Essex and the Kent of Manitoba. This year these two municipalities ran into severe difficulties, and because of those difficulties corn marketing will be in chaos until regulations concerning corn growing, similar to those existing in the grain trade in many countries, are brought into being.

I wish to make a brief comparison of the acreage of this small section and the rest of Manitoba. The Department of Agriculture estimates that the Manitoba bushelage in 1937 was 400,000. The number of acres sown was 11,000. The Department of Agriculture estimates that these two small municipalities to which I have special reference produced 100,000 bushels in 1937 on 2,800 acres, or approximately one-quarter of the bushelage of Manitoba's production from nineteen townships. The department this year estimates the seed requirements for Manitoba for next year's crop at approximately 20,000 bushels. These two small municipalities have saved 7,000 bushels and will require 5,000 for their own seeding purposes, which leaves a surplus of 2,000, which will go towards the provincial requirements of 15,000, still to be supplied.

In order to show the bearing that marketing conditions have, in these two small municipalities, on the resolution now before the house and the bearing which they are likely to have to a greater degree in coming years, I should like to give a very brief sketch of the area. In doing so I shall touch to some extent on the historical side.

This district was settled in 1875 by emigrants from Ontario and also by German-Dutch people known as the Mennonites, who came direct from Russia. These frugal, industrious people settled on the prairie sections while the Ontario settlers went to the hilly and treed sections of the district. The Mennonites settled on the prairies because they were accustomed to prairies in the old land. As a result of their industry and thrift they accumulated a great deal of wealth, and because they had large families it was necessary for them periodically to migrate in large numbers to other parts. As a result of this migration we had districts like Rosthern and Swift Current in Saskatchewan springing up. The original community of Mennonites expanded considerably and as a result of their industry they began to acquire much of the land occupied by the other settlers originally from Ontario. This situation existed until the early 1920's, but in the agricultural slump that occurred at that time there was a very severe setback to the Mennonite community. They had bought heavily of land and had set up their children, even going into debt themselves. The two church trust companies, which had been models of thrift for the whole dominion, had failed; the backbone of the colony having been broken, conditions became so acute that in most cases children were

thrown back upon their parents. The result was that a congested condition began to develop. To aggravate the situation, mechanized farming had become increasingly profitable for large holdings, and those who had money took advantage of the slump to increase their holdings. They bought additional holdings with the result that the land requirements of the district were curtailed. On top of it all, we have had drought conditions for six years, reducing a large part of the area to comparative misery.

The bright spot in the picture appeared when the dominion experimental farm system developed an early maturing selection of Northwestern Dent corn. The district is too remote from any city to serve market-gardening purposes, and consequently the inhabitants, if they wish to remain there, must engage in some form of agriculture. The fact that this new variety of early-maturing corn was developed made it possible for the small acreage unit farm to begin operations. Furthermore, another helpful discovery in the agricultural field was that corn could be planted much earlier than had been theretofore supposed. While corn nearing maturity will not stand frost the young plant will stand, if necessary, freezing back several times. Theretofore a favourable climatic condition had permitted some corn to be matured in this district, but now the scheme could be embarked upon as a commercial operation. In other words, employment in agriculture had been found for the surplus population, thanks to the reasons mentioned; 45,000 bushels in 1934 became 50,000 bushels in 1935, and the bushelage for 1937 was estimated at 100,000. There is a great demand for the seed of this hardy Manitoba-grown corn. But not all corn is fit for seed. Much has to be sold for feed, and what before that time had presented no problem, became a real one. One of our progressive grain companies instructed its buyers at two points to buy corn on the cob. It is being stored in improvised bins. This company bought about 50,000 bushels and there remains about another 50,000, part of which was fed during the past winter. But the drought of recent years has so affected the ground water level of the district that most farmers are limited to the stock they can keep by the water their wells will supply.

There is no reason why, with improved marketing facilities such as are enjoyed by wheat and other grains, the amount of corn grown in this area should not be multiplied several times. The present acreage sown to corn and oats is slightly in excess of one-half of one per cent of the total, which, of course, is a very poor comparison with the present acreage in Essex and Kent. The market will absorb some corn readily, but our experience has been that when there is great production a good deal of confusion results. From the standpoint of the producer it appears that there will be a great improvement if marketing facilities are provided, and the same would apply to the consumer. I believe that possibly the benefit would be equally great. The inferior material on the market has, as in the case of grain in the past years, penalized both consumer and producer.

With the part of the resolution dealing with marketing facilities I am in complete accord. I should like to quote an abbreviated portion of the report of Doctor J. H. Grisdale in 1935, on the corn situation. He said:

> The department has made two investigations within the last two years and states that one difficulty in marketing corn produced in Canada in competition with corn of other origin is inadequate official grades and inspection.

That recommendation is in harmony with the resolution. I believe it is in the interest of all hon. members, whether they live in corn-producing counties or not, to take an active interest in this resolution. I am not entirely convinced of the necessity of the part relating to drying and subventions. Of course in the west our corn carries a lower moisture content than corn in Ontario, consequently drying is not such an important factor.

Mr. MARTIN: What is the moisture content?

Mr. WINKLER: I believe it is about five per cent below the average in Essex and Kent; that would be about sixteen per cent. As the hon. member for Souris (Mr. McDonald) mentioned, there is a corn-drying plant in our area. It has been one of the most profitable enterprises in the area, and as long as there is a profit element in it I see no reason why the government should undertake to erect drying plants there. Until we find that the corn cannot be properly marketed through these privately owned drying plants I would hesitate about giving my approval to that part of the resolution.

I noticed that the hon. member for Essex East mentioned cheaper freight rates. I hope that we can rely on his support when we ask for the restoration of the Crowsnest rates on western moving traffic.

I think on the whole the resolution of the hon. member is a very worthy one and deserves the consideration of all hon. members.

Mr. F. C. BETTS (London): I have listened with much interest to the remarks of the hon. member for Essex East (Mr Martin), and

should like to congratulate him on his very informative and excellent presentation. I notice that in his resolution he calls on the government to consider the necessity for improved marketing facilities and the need for providing adequate storage, drying, government grading and inspection facilities, in order that the quality of the corn may be improved and its production increased.

I do not know whether the hon. member is going the most direct way about achieving the very laudable object which he seems to have in view. I should like to draw to his attention some of the provisions of the Natural Products Marketing Act of 1934. Under the powers of the board provided in section 4 of chapter 57 of the statutes of 1934 we find the following:

(1) The board shall, subject to the provisions of this act, have power

(a) to regulate the time and place at which, and to designate the agency through which the regulated product shall be marketed, and—

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

Mr. BETTS: Well, we allowed the hon. member to speak without any interruption and I should like the same privilege. Perhaps if I do not exhaust my time I will answer questions afterwards. The section continues:

—to determine the manner of distribution, the quantity and quality, grade or class of the regulated product that shall be marketed by any person at any time, and to prohibit the marketing of any of the regulated product of any grade, quality or class.

And later in the section we find that the board shall also have power:

(e) to assist by grant or loan the construction or operation of facilities for preserving, processing, storing, or conditioning the regulated product and to assist research work relating to the marketing of such product.

My submission is that within the four corners of that act, and the regulations which the board was entitled to make pursuant to the act, all the relief which the hon. member seeks was to be obtained. That act had been invoked with entire success in connection with the marketing of a number of products. I know from personal observation that it resulted in placing many millions of additional dollars in the pockets of tobacco growers in Norfolk and of apple growers and others throughout the dominion. By the present government that act was referred to the privy council for determination of its constitutional validity, and as has been stated more than once in this chamber, the reference was made as an abstract theoretical question, which in my submission was entirely improper; and in the course of the argument before the privy council counsel for the Dominion of Canada, whose duty it was to support the validity of the act, virtually threw the case away by admissions he made. I would remind the mover of the resolution that his party voted against that act in this chamber, with the exception of the hon. member for Melville (Mr. Motherville) a former minister of agriculture, whose views on matters of that sort are particularly sound. I would therefore suggest to the mover of the resolution that if he really wants to obtain the orderly marketing of corn produced in Essex county—and I should like to have it for our corn from Middlesex county—he had better come over to this part of the house where constructive efforts have been made towards improving the marketing of natural products.

Mr. MARTIN: Will the hon. member permit me to ask a question now?

Mr. BETTS: Yes.

Mr. MARTIN: If what the hon. member has said is true, when the act was in existence why was not corn brought within its operation?

Mr. BETTS: The Liberal party allowed the act to remain in operation for only a limited time. It was applied to many natural products, but Rome was not built in a day.

Mr. MARTIN: It was not applied to corn.

Mr. BETTS: The researches as to corn had not been completed and regulations had not been put into effect before the government changed over.

Mr. S. M. CLARK (Essex South): I shall not take up much time this afternoon, since the hon. member for Essex East (Mr. Martin) has covered the situation very ably. But I might summarize what I believe are the problems relating to corn, and why this resolution should be considered by the government.

In the first place it has been proved many times that we grow high quality corn. We are able to compete at international shows and come away with our share and more than our share of the awards. As the hon. member has pointed out, at one time western Ontario produced as high as 22 million bushels of corn a year, proving that we are more than able to produce enough corn for the Canadian market, which I believe has an average annual consumption of about 14 million bushels. We have had difficulty in some years past with the corn-borer, but I believe it is now fairly well under control. Our next difficulty in competing with foreign corn was our lack of facilities to put our corn into proper con-

dition. First, we must consider the drying of that product. As the hon. member for Essex East has pointed out, the average moisture content of our corn, in the early fall, is around 23 per cent or 24 per cent. To bring that down to 12 per cent or 14 per cent requires facilities which at the present time we have not in that district.

As he pointed out, we have to compete with well graded corn. We have no graders in connection with our corn industry at the present time. As has been pointed out, there is no government inspection, so that anyone buying our corn cannot have a government certificate certifying that he is getting the quality he purchased. Then, we have no market place, no place in which to concentrate or collect our corn so that it can be moved in quantities.

Those are the four deficiencies in the present system. May I say a few words to the hon. member for Qu'Appelle (Mr. Perley). Possibly the reason the former member for Essex South, Mr. Gott, is not in the seat in the house now occupied by the hon. member for Marquette (Mr. Glen) lies in the fact that during the regime of the previous administration no group of farmers was treated as unfairly as the corn growers, or had to compete with the unfair competition they had to face. First, they had to compete with free corn, corn subsidized by the South African government and carried on boats subsidized by the Canadian government. All that happened under the high protectionist policy of the previous administration.

Mr. PERLEY: I suppose the hon. member will support a tariff on corn?

Mr. CLARK (Essex): Yes.

Mr. PERLEY: Another convert.

Mr. CLARK (Essex): That is probably the reason the former member for Essex South is not in his seat. Apparently his influence in curing the ills of the corn growers was not very great.

I trust the present government will give the resolution of the hon. member every support. I am pleased to support it in every way, and I hope that in the very near future results may flow from it.

Mr. J. GORDON ROSS (Moose Jaw): Mr. Speaker, I wish first of all to congratulate the hon. member for Essex East (Mr. Martin) upon moving the resolution now before the house. Hon. members opposite have said that great interest was taken in the matter by a former member of the house. I do not remember any occasion in which he moved a resolution touching upon the matter.

The hon. member for Essex East has made out a good case in support of his resolution. He spoke of the adaptability of certain counties in Ontario to the growing of corn and, if his figures in regard to yields, were correct, I believe if given proper facilities for inspection, grading, sale and the like, the growers in those counties should have no difficulty in competing with other countries. If the yield in that section of Ontario is 45 bushels to the acre, against 26 bushels in the United States and only 18 bushels in the Argentine, certainly the Ontario farmer must be producing corn at a lower cost per bushel—or should be, provided he has proper facilities for its disposal.

Mr. ROWE (Dufferin-Simcoe): You would not suggest that the duty be taken off?

Mr. ROSS (Moose Jaw): The hon. member would probably suggest more duty. I have taken my stand in the house as a free-trader on all things.

Mr. ROWE (Dufferin-Simcoe): Consistently.

Mr. ROSS (Moose Jaw): The hon. member for London (Mr. Betts) suggested placing this matter under the marketing act which as I understand it, is not now in existence.

The resolution refers to the work of the Board of Grain Commissioners for Canada. I can remember that many years ago in western Canada there was a great battle waged by the farmers for facilities for the grading, weighing and proper inspection of their grain. The hon. member for Melville (Mr. Motherwell) was one who instituted that fight in western Canada, and great credit is due him for the part he played at that time.

The board of grain commissioners, chiefly I believe because it was instituted in the first instance to handle that great exportable surplus of wheat grown in western Canada, is under the Department of Trade and Commerce. At times there have been difficulties in the house in connection with placing certain provisions under the grain act. At all times the question has been raised as to whether or not the grain act should be federal. The board of grain commissioners and the Department of Trade and Commerce have set up in Canada the finest system of handling grain to be found anywhere in the known world. We have the best grading and inspection facilities, the best weighing facilities, and the best facilities in the world for the bulk handling of all kinds of grain for export.

Year by year improvements in our system of handling grain have been made, and those improvements have been to the advantage of grain producers in Canada. In my mind it has always been a question as to whether the inspection, weighing and grading of grain should be under the Department of Trade and Commerce, or whether that part of it done in Canada might more properly be done by the Department of Agriculture. Here we have a situation in which possibly, were the handling of grain under the Department of Agriculture, in connection with their present work of finding markets within Canada for our farm products, they might be able greatly to assist the producers of corn in the counties indicated.

I believe the board of grain commissioners have rust research laboratories under their control; no doubt those would be properly under the Department of Agriculture. I am not criticizing the work of the board of grain commissioners, under the Department of Trade and Commerce, because I believe they have done excellent work in past years; to-day under the present minister they are doing even better work than they did in the past.

I can remember the fight in western Canada for the grading, inspection and weighing of grain, and I can well understand the position of the farmers in a certain portion of Ontario who are endeavouring to obtain those facilities for the handling of their grain for which we fought so long for the handling of western products. In connection with this matter I notice the resolution states that the marketing facilities for the product are inadequate. On other occasions, both in and out of the house, I have referred to the lack of marketing facilities in Canada for the products of the farm. In practically every industry except agriculture great stress has been placed upon merchandising, advertising and the sale of the product. We have lagged behind in agriculture.

Through our federal and provincial departments of agriculture we have endeavoured to teach our farmers better cultural methods. We have endeavoured to keep their live stock free from disease and we have set up quarantines on animals coming in from other countries. Through our experimental stations we have endeavoured to produce new and better grasses, grains, fruits and the other commodities which our farmers grow. Through these departments we have endeavoured to provide the farmer with a certain amount of information with regard to possible markets for his products; but until now we have never gone seriously into the business of educating the agriculturist in the preparation of his products for export, nor have we seriously tried to find world or domestic markets in which these products could be sold efficiently.

I want to congratulate the Minister of Trade and Commerce (Mr. Euler) upon the work that has been done by the grain committee of the council, of which he is chairman, in Great Britain and other countries in connection with the sale of Canadian wheat. For many years people in Canada thought it was impossible properly to market wheat, but through the Canadian wheat board action has been taken in Great Britain to popularize bread made from Canadian flour. So far the results have been astounding. An advertising campaign has been carried on in connection with certain types of bread which must of necessity be made from flour containing a high percentage of protein, which is obtainable in quantity only from Canadian wheat. The result is that these types of bread have become very popular in England. About sixty per cent of Canadian wheat must be used in the milling of flour for this bread. If hon. members could see the advertising that has been put out in Great Britain to bring about the use of a greater percentage of Canadian wheat, they would agree with me that perhaps the grain committee, under the chairmanship of the minister, has done some of the smartest advertising ever carried out in the British market. Fortunately we have enough high grade wheat this year to carry through until another crop is harvested; but with the increased sales which will result from this advertising we can expect that a larger percentage of Canadian wheat will be used next year and the following years in the mix. This is bound to be the result if the work of the wheat board and the Department of Trade and Commerce is continued.

Many people have said that it is difficult to advertise and merchandise farm products, but I have never believed that. I think it is easier to sell something that people actually want than something they do not. The successful industry is the one that goes out and puts on a real sales campaign. I know of one organization that was able to keep out of the red in the depression years from 1930 to 1934 and 1935. I refer to the California Fruit Growers Exchange. It should be easier to sell wheat, butter, eggs and beef than it is to sell oranges, which are more or less a luxury product. In order to show what salesmanship can do it is interesting to note that 95 per cent of the oranges from the United States that are purchased in Canada are sold by the California Fruit Growers Exchange, even though not over 50 per cent of the oranges produced in the United States

are produced in California. Florida oranges could reach Canada with perhaps a shorter freight haul than those from California, but these are the results obtained by this organization through advertising their produce in this and other countries.

Mr. GLADSTONE: It is because they are of a better quality.

Mr. ROSS (Moose Jaw): There are two kinds of oranges. They grow at different times, but I do not think there is any great difference in quality between the Florida orange and the California orange. California certainly sells both kinds, the Valencia and the navel orange, and it sells them at the same season of the year that Florida has her great production on the market. I give that simply as an instance of how farm products can be advertised and merchandised, and I believe that we in this country should take a leaf out of their book and endeavour through our departments to sell our products in other countries of the world by following the same methods.

I know the Department of Agriculture last year started their marketing branch, and they had exceptionally good results in the Dominion of Canada. I have not the exact figures, but I know that just recently there appeared to be a large surplus of apples in the dominion, so large that producers of apples both in Ontario and British Columbia became alarmed whether they would be able to find a market for their apples. They got in touch with the marketing branch of the Department of Agriculture, and that branch agreed to help them endeavour to find a market within Canada for their surplus of apples, and within the last five or six weeks the major portion of that surplus has been sold within Canada itself to the Canadian people. The net result is that the apple growers are now in a position to market their product in the ordinary way and are no longer afraid of a glut on their market in this country.

My hon. friend's resolution brings up the question of the inspection and grading of farm commodities. We do inspect and grade some of our farm commodities in Canada, and in years gone by we have run into considerable criticism when any new grading system was moved for in this house. I well remember the time when the hon. member for Melville put through, as Minister of Agriculture, regulations for the grading of eggs. I can remember that members of the house were very much against that measure at that time, and farmers generally throughout the country were against it. I believe that the idea of the Minister of Agriculture at that time was to endeavour to find a market for our eggs in the old country. But a peculiar thing happened after the grading of eggs was an accomplished fact, and that was that the consumption of eggs in Canada itself rose to practically double what it was prior to the establishment of grading. That is easily explainable. When people can depend absolutely upon procuring a quality product they will buy more and more of it, especially an article like eggs. Those who like a boiled egg for breakfast would be finished with eggs for weeks if one morning they knocked the top off an egg and found that it was not quite right; but after the egg-grading regulations came into effect gradually the housewives throughout Canada found they could purchase eggs anywhere and be sure of a high quality product, and the result was that the consumption of eggs throughout the dominion doubled. That is one of the best kinds of salesmanship which I know of with regard to agricultural products. You must see that quality goods are placed upon the market, whether in Canada or abroad, in good condition, and in order to do that I think we should go further in the grading and inspection of those farm commodities which we have to sell.

I believe that we ought to have markings for our farm products in the export markets just as we have our certificates for No. 1, No. 2, No. 3 and No. 4 northern wheat. On the markets of the world to-day our wheat is designated by government inspection certificates setting out the grade, and all buyers of that grain know exactly the quality they are purchasing. In regard to other farm products I think it is equally important that we in this house should see that the departments of government put into effect in Canada a proper inspection and grading system for all farm products which are to be exported, and no farm product should be allowed to be exported unless it is graded, and the grade designated. If this is done, our customers overseas, when they bought a No. 1 grade Canadian article, whether it be bacon, beef, eggs, butter, cheese, apples, peaches, canned goods or any other farm product exported, would know that they were getting a high quality article. I do not see how we can ever expect to place our farm products on the export market, or sell as many of them as we might do in this country, if we do not arrange matters so that the buyers of the products will know that they are getting the highest quality article when they pay for the highest quality article. We spend a great deal of money in many of our departments. I have often criticized the

government for not spending sufficient money in the Department of Agriculture, and here is one place where I think a considerable amount of money could be spent to advantage by the dominion government in a way that would bring a tremendous return not only to the Canadian farmer but to everybody else in Canada, because after all most of the people in Canada are dependent upon the purchasing power of the farmer.

In connection with the sale of different agricultural products for export and of products that might be imported into this country, may I point out this fact in regard to grain being produced in one particular area of the country to be sold all over the country. Most of us know that Russia is a great grain-growing country, and yet Russia exports grain by the Black sea, and imports grain at Vladivostock, the reason being the tremendous freight haul from one end of the country to the other. That, of course, has some bearing upon this resolution. It hardly seems possible to me that a freight rate could be put into effect that would take corn from, say, Windsor, Ontario, to Vancouver, British Columbia, or to Vancouver island, when corn can so easily be brought in there by water from other countries.

Mr. MARTIN: If I may ask the hon. member a question in reference to the statement he has just made, has he taken into consideration that with the great water facilities which we have in western Ontario, the transportation costs from, let us say, Windsor to Vancouver, would be relatively cheaper than the costs now for transportation completely by rail?

Mr. ROSS (Moose Jaw): If corn can be shipped from Windsor to Vancouver by water—and I know there is water all the way—the question still remains whether the bottoms are available. I think a tremendous haul like that might make it impossible for us to sell our corn on the west coast, although I believe that practically all the corn which can be grown around Windsor could easily be consumed at points that are not so far distant. I do not think the feeder on the west coast should be penalized on account of an endeavour to ship corn from Windsor by an all-rail route.

Mr. MARTIN: We can offer it to you as cheap as and cheaper than you are getting it now.

Mr. ROSS (Moose Jaw): Well then, we shall certainly buy it. I never saw a man in my part of the country who would not buy in the cheapest place. As a matter of fact one of our great protests in this parliament has been against our inability to do so. I wish to be able to buy in the cheapest market, no matter where it is.

I am not opposed to this resolution; I am all in favour of the farmers of Ontario having the facilities that have already been given to farmers in other parts of Canada. I believe, however, that those facilities could better be given were all this business of inspection, grading, etc., of farm products under the one federal department and under the same department which is endeavouring to find markets within Canada for these products. As regards markets external to Canada, that was dealt with by the Prime Minister (Mr. Mackenzie King) some time ago.

It is, I believe, the business of the dominion Department of Agriculture to inspect, grade and prepare for marketing products for export, and to inspect, grade, prepare and find markets for those same commodities within Canada. But I believe it is the right of the Department of Trade and Commerce to take from the Department of Agriculture responsibility for those commodities when they are shipped overseas or to other countries, and to extend to all farm commodities the work they have already started with regard to grain, so that the farmer may be placed in a somewhat similar position to those large industries which have established their own marketing facilities. After all, the farmer is an individual, and it is very hard for him to spread his sales force all over the world. We now have a department which is getting in touch with buyers in every country in the world, and if the Minister of Trade and Commerce (Mr. Euler) would, where necessary, add to his staff of men who have knowledge about farm products, and push the sale of farm products generally as he is now pushing the sale of Canadian wheat in Great Britain, he would be doing the greatest service to the farmers that can be done at the present time.

Mr. W. G. WEIR (Macdonald): I am prompted to say a few words in this debate, largely because of observations made by my two very good friends the hon. member for Souris (Mr. McDonald) and the hon. member for Lisgar (Mr. Winkler). Lest the house may think that corn-growing in Manitoba is confined to those two constituencies, which by the way are boundary constituencies, the fact of the matter is that corn-growing in Manitoba has been progressing with leaps and bounds during the past number of years, and so far from being confined to the area directly tributary to the United States boundary, has now spread largely over the whole province. This is particularly the case, I think I may say, with respect to lands

which, though I would hesitate to call them submarginal, are certainly of the lighter type, where the difficulty of producing our ordinary cereal crops is becoming greater and greater. Here corn-growing is gaining considerable ground. I refer particularly for the moment to the area immediately adjacent on the north to the area to which the hon. members have already referred, and which is equally proud of its success so far as corn-growing is concerned; I believe that more and more corn will be grown there as time goes on.

The hon. member for Essex East (Mr. Martin) might be surprised, were he to come to Manitoba, at the extent to which corn is being grown in that province. May I add, as a little sideline to the observations which have been made this afternoon, that last fall we had in my own constituency what so far as I know is the first corn-husking competition in Canada. Those who have had an opportunity of paying some attention to similar events in the United States can probably realize the interest it created. In the United States they go even to the extent of making such affairs a national event and the performance is broadcast at the time of the competition. We were therefore very proud of the distinction of holding in our own locality the first corn-husking competition.

With us, of course, corn has gone through quite an evolution. It started out, as naturally one would expect as a fodder proposition. Our immediate difficulty was, however, to provide for keeping it for use in the winter time. The old idea of stooking it up in the fields and attempting to bring it in in the winter time created a very serious difficulty on account of freezing down and deep snow. The extra labour required in that regard discouraged rather than encouraged the use of corn. Afterwards, from the fodder point of view, the silo idea came into being. Here again the fact that the corn had to be cared for at the same time that our ordinary cereal crops required attention, raised an additional difficulty. Moreover, owing to frost, the stave upright silos have not been altogether satisfactory in our climate. From that we drifted to the idea of trench silo, but here again we encountered difficulties. In the last two or three years there have been developed various methods of keeping corn fodder through the winter and I have had an opportunity of seeing many of them tried out. Some farmers go to the extent of taking the corn from the binder and piling it in stacks, packing it hard, and that method has been fairly successful. Others cut it up. The latest idea—it is not a new idea by any means—seems to be a lower silo of considerable size. A representative of one of the lumber companies in northern Manitoba told me a few weeks ago that the biggest business they had at the present time was in the sale of the snow fences we see along the highways. These fences are used for silo purposes. Paper is put inside and the ensilage is put in that, and this has proved satisfactory.

Another thing that has encouraged corn-growing in our province, and I think it will do a good deal to maintain its popularity, is the fact that during the drought periods corn has suffered less than any other crop. Fortunately the grasshoppers did not attack it to the same extent. Many times we have had other fodder crops, particularly oats and barley, completely destroyed by grasshoppers, but we found that the corn came through reasonably satisfactorily, from the standpoint of fodder. It is true the cobs looked as if a man with one tooth missing had been chewing at them, but at any rate we were able to obtain fodder. The result has been that a good many people have turned over a few acres to corn so as to be sure of a fodder crop to carry them through the winter.

As regards the resolution which my hon. friend has proposed, as I read it it seems to relate more to the mechanics of handling the corn. I really believe, although I have not had an opportunity of studying the matter very fully, that the Canada Grain Act already provides what my hon. friend has in mind so far as grading is concerned. It may be news to the hon. gentleman, but I was told by the chairman of the board of grain commissioners a few months ago that they were already handling corn through the grain inspection department in Winnipeg. I presume that that would be corn grown in Manitoba or farther west. From the standpoint of grading, therefore, the Canada Grain Act provides what is sought by the resolution. Observations have been made in this discussion with respect to control of corn. It has been said that there should be a greater control of corn. These observations, I believe, were largely directed to the suggestion that the state or some department of government should give an assurance as to varieties that were being sown. Last year in this house we passed the Seeds Act, 1937, one provision being with regard to the control of seed corn. There was an amendment the purpose of which was to bring about a more strict control in this regard. So much seed corn happened to be transported from place to place by trucks that it was difficult for the

seed branch to keep control of it and to be assured that it was of a type satisfactory to the district in which it was grown and also that it had the proper qualities as to germination. In this regard, therefore, the Seeds Act provides protection.

One thing in connection with which I see a difficulty from the point of view of my hon. friends throughout Ontario, with an increase in corn production, is the question of drying. At the head of the lakes, of course, we have facilities for drying wheat. These facilities are provided for the most part by the elevator companies that handle the grain, additional charges being made for the service. In wet seasons they are used to a large extent. I do not know whether the same facilities would be satisfactory in the handling of corn, but I fancy that they would. In the country from which I come, where a good deal of corn is grown for seed purposes,—either for fodder or for seed—the corn is dried in most cases. In fact, I presume that it is always dried, and every device imaginable is brought into play. Some people have set up elaborate drying apparatus, forced draught and all the rest of it, but I do not believe that they are able to dry the corn in the length of time my hon. friend suggested. I understand that not more than two batches a week can be dried.

Mr. MARTIN: They are antique.

Mr. WEIR: Well, we use what facilities we have at hand. The hon. gentleman might be surprised to know that the commercial incubator used in the spring hatching season is used to dry a good deal of corn.

So far as the marketing of corn is concerned, in the particular area from which my hon. friend comes, the production is local though it may be extended to other sections; but I presume that there is much localized production of seed and grain corn as well. Experience in many places in the west has shown that where such communities are specializing in a certain type of crop it is not so difficult to organize some sort of marketing concern among them. I refer particularly to the alfalfa growers of southern Alberta and another group of alfalfa growers in northern Manitoba who have specialized extensively in the production of alfalfa seed. These organizations, through their very careful selection of seed and their careful cleaning of it, have established a reputation, and as a cooperative organization have joined together in the matter of sales with the result that they have gone along very well.

While listening to other hon. members discussing this question it occurred to me that in some of the statutes that have already been passed some assistance might be given to the corn growers in connection with drying. I know that a subvention is provided for between the dominion government and the government of the province for the purpose of establishing seed-cleaning plants in different parts of the country. In our province there are a number of them. There is one not far from where I live where brome-grass-growing is specialized in. There the two governments cooperated in equipping that organization with a splendid seed-cleaning plant. If that is necessary for seed-cleaning probably it is equally necessary for drying corn, and something might be done to assist the corn growers in that regard.

I wish my hon. friend the very best of luck in the consideration which will be given by the government to his resolution. I have nothing against the resolution, but hon. members, particularly those on the agriculture committee, are interested in the matter, and I imagine if he would press it there would be no difficulty in having the agriculture committee meet on one or two occasions to deal with the matter, merely for the purpose of securing additional information, calling before it departmental officials and others interested, probably including some from his own district. I offer that suggestion to him.

Reference was made by the hon. member for Qu'Appelle to the tariff on corn imposed by the former government. At that time I stated that I did not see what difference it made to put a duty on corn. The idea they were propounding then was that by placing a duty on corn they could increase the consumption of barley, which at that time was a drug on the market. My observation was to the effect that I could not see what difference it made whether our barley was competing with corn in a foreign market or corn was competing with our barley in this market.

As the Minister of Trade and Commerce (Mr. Euler) may wish to make a few remarks on the resolution, I shall make way for him.

Hon. W. D. EULER (Minister of Trade and Commerce): Mr. Speaker, as a matter of fact I have no extended comments to make on the resolution. In the few minutes at my disposal I might take the opportunity to compliment the hon. member for Essex East (Mr. Martin) not only on the mass of valuable information he has placed before the house, but also on the manner in which he did this. I was particularly interested when he said that the corn grown in the western Ontario peninsula is of as good quality as corn grown anywhere else in the world. I admit that while I have no intimate knowledge of the

corn question, the information I had rather led me to believe that because of the greater moisture content of Canadian corn it was under somewhat of a disability as compared with corn produced elsewhere. But if it is true that in western Ontario or anywhere else in Canada we can grow corn which is as good as that from any other country in the world, surely it is an anomaly that we cannot at least supply our own Canadian market.

This matter of the production, grading, drying and storage of corn to some extent comes under the care of two departments, the Department of Agriculture and the Department of Trade and Commerce. I need not say to my hon. friends, especially those across the way, that these two departments co-operate in everything in the highest degree—

Mr. STEWART: Sometimes.

Mr. EULER: —and they are quite willing to do so with regard to the production and sale of corn. The factors in the situation which have been discussed most particularly seem to be marketing, storage, drying, grading and inspection. All of these affect the quality of the commodity. I am glad to know that inherently the quality of Canadian corn is what my hon. friend says it is. The question of quality has not been brought particularly to the attention of the Department of Trade and Commerce. I cannot recall that the matter of grading and inspection was ever brought before the department. I know that the question of storage was brought before the Department of Trade and Commerce in the time of the former government, and also of the present government. That particular matter is not being stressed to-day, and I might leave it with this statement, that there is not wanting in Canada at the moment equipment for either storage or drying of corn. I regret that my colleague the Minister of Agriculture (Mr. Gardiner) is not here to-day, because many of the matters under discussion come more particularly within his province.

I might summarize the results of some investigations made by members of the Department of Agriculture and the Department of Trade and Commerce: There is much poor quality corn, resulting from admixture of varieties, too many varieties and poor varieties; also poor culture and harvesting practices, and lack of suitable corn cribs on the farm. This is not entirely consistent with the statements which have been made that Canadian corn is just as good in quality as other corn, but this is easily capable of correction. Then there is the matter which has been mentioned, that much of the corn has too high a moisture content, which causes heating in storage after shipping and is therefore a serious drawback. There are insufficient hogs in the corn area to consume at a profit the inferior corn and keep it off the market. There is also still a good deal of damage caused by the corn-borer. Finally—and this touches the Department of Trade and Commerce—the official grades and inspection services for both seed and commercial corn are inadequate. As far as the seed corn is concerned, I think that is entirely a matter for the Department of Agriculture, but grading and inspection are for the Department of Trade and Commerce, through the grain board, which is under the jurisdiction of that department.

Now my time is up. In conclusion I should like to say that as far as the matters discussed to-day affect the Department of Agriculture, I am sure my colleague the Minister of Agriculture will take due note of what has been said. I shall further bring it to his attention. With regard to the matter of inspection and grading, in 1936 the Department of Agriculture reported that an adequate system of inspection and grading of commercial corn was vital to any successful development of market practice, and recommended that the whole question of commercial grades of corn should be reviewed. It has been brought before the board of grain commissioners, and they reported that the machinery for inspection and grading was inadequate, contrary to the expression of opinion by the hon. member who preceded me (Mr. Weir). Section 36 of the Canada Grain Act provides:

> No inspecting officer in the eastern division shall be required to inspect any grain which is not in the district to which such officer has been assigned, or to inspect any grain in such district more than five miles from his office unless the person requesting such inspection has first paid to the inspecting officer a sum sufficient to cover such officer's travelling expenses between his office and the place where such grain is and return, and also such an allowance for his time as the board may direct.

There is only one grain inspector for Ontario, and he is located in Toronto. But as a result of consultation between the Department of Agriculture and the board of grain commissioners, it was arranged:

1. That the Department of Agriculture would consider the present definitions of the different grades of corn, and suggest to the Board of Grain Commissioners any changes which they might feel were necessary.

2. That the Board of Grain Commissioners as an experiment would provide for the local inspection of corn in Ontario under the Canada Grain Act, and that officials of the Department of Agriculture would, as far as possible, carry on inspection services under the direction of the board's chief grain inspector, all actual details of the procedure to be worked out later,

after discussion between the Board of Grain Commissioners' chief grain inspector and officials of the Department of Agriculture.

When the general revision of the Canada Grain Act is undertaken, we hope such amendments will be made as will meet the wishes of those who have spoken here this afternoon. In the meantime, Mr. Speaker, I have no objection to the carrying of the resolution.

Motion (Mr. Martin) agreed to.

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

Thursday, March 17, 1938

The house met at three o'clock.

PRIVILEGE—MR. PELLETIER

QUESTION OF INTRODUCTION OF BILL TO REPEAL THE MILITARY SERVICE ACT, 1917—RULING OF MR. SPEAKER

Mr. SPEAKER: With reference to the question of privilege raised yesterday by the hon. member for Peace River (Mr. Pelletier) as to his right to introduce a bill to repeal the Military Service Act, 1917, I beg to state that I have looked into the matter most carefully and have read the statute in question and have examined also the revised statutes of Canada, 1927.

The main contention of the hon. member for Peace River is that since it was possible for the Minister of Finance (Mr. Dunning) to introduce a bill to revive and amend a statute which is listed as spent, then he has the right to introduce a bill to repeal a similar statute. Reviving a dead law is possible and permissible. If the hon. member's bill provided that the Military Service Act be revived, it would be in order, but he proposes to repeal it after it has been actually repealed by this house. It is listed in schedule A of the revised statutes of Canada, 1927, which is entitled: "Acts and parts of acts repealed, from the date of coming into force of the revised statutes of Canada, 1927."

When the hon. member for Winnipeg North Centre (Mr. Woodsworth) asked for leave to introduce his bill in 1922, the Military Service Act was spent but it had not yet been repealed by statute. This is the reason why the bill was placed on the order paper, but Mr. Speaker Lemieux ruled it out because the act, although still on the statute books, was spent.

[Mr. Euler.]

If that decision were right, and I am sure it was, there is a better reason this year to rule out the bill of the hon. member for Peace River. That reason is that the Military Service Act has disappeared from the statute book.

REPORTS OF COMMITTEES

Second report of the special committee appointed to inquire into operation of the Civil Service Act.—Mr. Pouliot.

First report of the joint committee on printing.—Mr. St. Père.

First report of the standing committee on railways, canals and telegraph lines.—Mr. Vien.

First report of the standing committee on agriculture and colonization.—Mr. Weir.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

*GRANTS TO IMPERIAL VETERANS IN CANADA

Mr. JAQUES:

1. How much money has been allowed by the imperial government for the assistance of imperial men in Canada since October 14, 1935, what money was in hand before that date, and what was the cost of administration?

2. How much money has been allowed in Alberta, and to whom should a man apply for assistance?

3. How many of such men have received assistance in Alberta, and how much? What are their names and addresses, and the name of their respective regiment, together with their regimental number?

4. What is the allowance for man and wife, and how much is allowed for each child under 16 years of age?

5. If a man is unemployed and has no other means, does he qualify for assistance such as food, clothing and shelter, dental treatment or other necessities, and to whom should he apply?

6. What grant is made to each branch of Canadian legion, if any, out ot imperial funds, and by whose authority was the grant made?

7. What are the names of the members of the said administration, and are they imperial men or Canadians?

Mr. POWER: Mr. Speaker, if I were required to give a categorical reply to the question asked by the hon. member, I would reply that no money has been allowed by the imperial government for the assistance of imperial men in Canada, either before or since October 14, 1935. It is possible, however, that the hon. member has reference to grants which were received from another source, as follows:

In 1926, the United Services' Fund of Great Britain transferred the sum of £5,000 to Canada for the benefit of men who served in the imperial forces. At the request of the manage-

ment of the fund, a board of three trustees not in any way connected with the government service was appointed and confirmed by order in council P.C. 1964, dated December 1, 1926, which stated that the board—

shall be empowered to make such regulations regarding the administration of the said fund and the granting of benefits therefrom as it may deem advisable, such regulations becoming effective upon approval by the central board of management of the United Services Fund.

The trustees appointed were: Colonel G. E. Sanders, C.M.G., D.S.O., of Calgary, Alta.; Brigadier-General J. A. Gunn, C.M.G., D.S.O., of Toronto, Ontario; Lieutenant-Colonel A. A. Magee, D.S.O., of Montreal, Quebec; and it was agreed by the board of trustees and the management of the United Services Fund that each trustee should personally assume the supervision of an area as follows:

Colonel Sanders: British Columbia, Alberta and Saskatchewan.

General Gunn: Manitoba and Ontario.

Colonel Magee: Quebec and maritime provinces.

Regulations were promulgated by the trustees, of which the following are extracts:

Priority in granting assistance shall be given to those who are suffering from a war disability.

Assistance in the form of medical treatment may be given to those who are suffering from a non-service disability.

In the event of the death of an ex-member of the imperial forces, temporary assistance may be granted to his widow, children or dependent parents.

No portion of the said fund shall be used for unemployment relief or for cases for which adequate relief is available from other sources.

Grants from local funds were limited to $50 to any one person and any larger loan or grant could only be made from the general trust fund on the recommendation of any two trustees.

As pressure of business caused General Gunn to resign, he was replaced by Colonel B. O. Hooper, D.S.O., M.C., of Toronto, by authority of order in council P.C. 23, dated January 11, 1929.

An additional grant of £5,000 was received from the management of the same fund in June 1930, and administered by the trustees, who received their final allocation from the grant in April 1931.

I am advised that the entire accounts have been exhausted since the end of 1932, and wish to make it clear to my hon. friend that the grants were received from the United Services Fund of Great Britain and not from the imperial government.

Neither the government nor the Department of Pensions and National Health, as such, had any control or jurisdiction over the disbursement of these moneys.

[Mr. Power.]

ROCK SPRINGS, ONT., POST OFFICE

Mr. STEWART:

1. When was a post office first established at Rock Springs, Leeds county, Ontario?

2. When was the location of said post office changed from Rock Springs?

3. How far from Rock Springs is said post office now located?

4. Why was said change made?

5. Who requested the change in location?

6. Who recommended the change?

Mr. EULER:

1. 1st June, 1883.

2. On the 17th August, 1936. The Rock Springs post office was closed and a new office established at Bell Crossing.

3. Bell Crossing is 2½ miles east of Rock Springs.

4. In the interest of the boxholders on the former Rock Springs R.R. No. 1 and No. 2.

5. D. E. Lewis of Brockville.

6. District director of postal services, Ottawa.

FOREIGN POLICY AND EUROPEAN SITUATION

Mr. CHURCH:

Has any action been taken by the government to assure His Majesty's government of Great Britain of Canada's moral support, interest, cooperation and aid in the present foreign situation, and will any papers relating thereto be tabled?

Mr. MACKENZIE KING: Mr. Speaker, the answer to the question as drafted is in the negative. As already indicated in answer to a question by the member for Rosetown-Biggar (Mr. Coldwell) on March 1, the government has been receiving from the United Kingdom government certain communications relating to the international situation. Such communications are continuing. As indicated in that answer and in answer to a question by the member for Winnipeg North Centre (Mr. Woodsworth), on February 25, these communications are in the nature of information rather than consultation upon policies. As such, they are helpful to the Canadian government in assisting it to understand the actual facts of the current situation.

Mr. CHURCH:

1. Is the government yet in a position to review the reply given here last week and the week before in the light of Germany's action as it relates to Canadian foreign policy?

2. Will any papers or correspondence be tabled?

Mr. MACKENZIE KING:

1. The questions to which reference is apparently made dealt with the policy of the government of the United Kingdom in respect to the League of Nations and to Italy. The

action to which the present question refers does not appear to call for any revision of the answers then made.

2. Answered by No. 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PEOPLE OF FRENCH EXTRACTION IN NEW BRUNSWICK

Mr. LACROIX (Quebec-Montmorency):

1. What is the total population of the province of New Brunswick?
2. How many persons of French extraction are there in such province?
3. How many federal employees are there at the experimental farm, at Fredericton, New Brunswick?
4. How many of these are of French extraction?
5. How many of them can speak French, if any?
6. How many graduates in agricultural sciences does the federal Department of Agriculture employ in the province of New Brunswick?
7. How many of these are of French extraction?
8. How many of them can speak the French language?

DOMINION FRUIT AND VEGETABLE INSPECTORS

Mr. LAPOINTE (Matapedia-Matane):

1. How many fruit and vegetable inspectors does the government maintain in each province of the dominion?
2. Are they appointed by the civil service commission? If so, since when?
3. Was knowledge of the French language always required by said commission from such inspectors in the province of Quebec?

PETITIONS OF RIGHT

On the orders of the day:

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, I should like to ask a question of the Minister of Justice (Mr. Lapointe) of which I gave him informal notice some days ago.

During the session of 1936 the Minister of Justice gave an assurance that a bill would be prepared by the Department of Justice to amend the existing law with respect to petitions of right against the crown. On March 24, 1937, the Minister of Justice informed the house that a draft bill had been prepared and submitted to the various departments of the government, preparatory to being submitted for approval of the governor general in council, but that more time was required for the final preparation of the bill. The Minister of Justice, however, then renewed his assurance for the present session of parliament. Is it the intention of the government to introduce such a bill during the present session of parliament?

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, the matter is one which presents certain difficulties, and as I said last year, the various departments of the government have been communicated with in regard to this matter. As a result of that consultation a draft bill has been prepared which would meet at least to a large extent the views of the hon. gentleman. This draft bill, I must say, has not yet been considered by the governor in council, and I am awaiting the first opportunity to lay it before my colleagues. I hope it will be possible to introduce it afterwards.

CURRENCY AND CREDIT

REPORTED STATEMENT OF MINISTER OF AGRICULTURE AS TO CONTROL—INQUIRY AS TO LEGISLATIVE PROGRAM

On the orders of the day:

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I should like to direct a question to the Prime Minister (Mr. Mackenzie King). Pursuant to press reports that the Minister of Agriculture (Mr. Gardiner) has stated in Edmonton that the government expects to have complete control of currency and credit by 1945, I would ask: is the legislative program of the government complete for this session, and if not, may we expect any legislation to be brought down that will change the present structure of the banking system?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I have not seen the press report to which my hon. friend has referred. I would wish to see the statement itself and also to ascertain how accurate it is before attempting to comment upon it.

With regard to the question which my hon. friend has just put concerning the legislative program of the government, I would say to him that the program will not be completed until the session of parliament itself is completed. As to whether any legislation of the character mentioned will be brought down, I can only say that the government will make its policy known on that as well as on other matters as the occasion arises.

SPANISH CIVIL WAR

EMBARGO ON EXPORTS—EUROPEAN SITUATION—ARMS AND MUNITIONS

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, before we proceed with the

orders of the day I should like to address a question to the Prime Minister (Mr. Mackenzie King). As it is now definitely established that the German and Italian governments have sent large numbers of troops, equipped with all the essentials of modern warfare, to fight against the legitimate government of Spain, will the Canadian government immediately remove the embargo imposed last year on exports to Spain? Failing that, will the government extend the embargo to include exports to Germany and Italy?

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend was good enough to give me notice of this question. I would say to him in the first instance that his question appears to be a little out of order, in that it seeks to convey information—whether accurate or inaccurate I cannot say—rather than to seek it. However, my reply to the question is this: no embargo has been placed on exports to Spain. The embargo imposed last year applies only to exports of arms and munitions. This action followed similar action by the members of the non-intervention committee, representing twenty-seven European countries. Though Canada was not in a position to supply any appreciable quantity of arms or munitions, this course was followed in order to prevent exports from Canada contributing in any way to render ineffective the efforts of the signatories to confine the struggle to Spanish territory. The European countries primarily concerned have taken no action such as is proposed by the hon. member for Vancouver East (Mr. MacInnis). The Canadian government does not propose to take such action. No exports of munitions have been made from Canada to Germany or to Italy.

May I add to what I have said in the way of a formal reply to my hon. friend that at this time we are witnessing momentous events on the continent of Europe. We are witnessing also momentous events on the continent of Asia. Canada lies midway between the two as a part of the continent of north America. Unless it is the desire to have it appear that our country is anxious to participate in these events, to become a party to or a part of what is happening on the continents of Europe and Asia, it is desirable, I believe, that all persons in positions of authority and responsibility in this country and who have anything to do with the shaping and moulding of public opinion, whether in parliament or in the press, should refrain from taking any steps or making any representations which would appear to have a contrary aim and purpose. Moreover I think we should be particularly guarded in what we say and what we do for the further reason that we should wish at all cost to avoid making the present appalling situation on the two continents I have mentioned more embarrassing for the countries faced with it, in their efforts to work out a solution.

Mr. WOODSWORTH: In view of the Prime Minister's statement, will the government then put an embargo on war materials going into Japan?

Right Hon. R. B. BENNETT (Leader of the Opposition): I had hoped that possibly without inquiry the Prime Minister would be disposed to make some statement to this house regarding the government's appreciation of the European situation. While Canada is a part of the north American continent, we are profoundly concerned about what is now happening in Europe; and with the wider knowledge and fuller information that the government possesses, it did occur to me that the Prime Minister might think the time had come to make some statement, as I have said, on the government's appreciation of that situation so far as it affects this country. I concur in what the Prime Minister said a moment ago, but surely if in the parliament of Great Britain a discussion can be carried on of the kind that the newspapers report, no harm can result from having the head of the government in this country indicate what the government's appreciation of the situation may be. There is a vast difference between an acrimonious debate and a statement or appreciation of a position. We may easily fall into a wrong attitude of mind with respect to this matter. It is idle to say that we have not the right to discuss any matter that affects the welfare of the Canadian people. If England can discuss it in the manner in which it was discussed, surely Canadians are not doing them a disservice if we ascertain the views of the government with respect to these matters in the light of their fuller information than is accorded to the average man.

Mr. MACKENZIE KING: I was going to precede what I had to say, although on second thoughts it did not seem necessary to do so, with the observation that I hoped no one in this house would seek to draw wrong inferences from my statement. Practically all statements are capable of different interpretations. There is no statement that can be made at the present time with respect to world affairs which, if persons wish to be partisan in their attitude, cannot be interpreted in different ways. What I said will be understood, I believe, by the Canadian people as being a frank expression of the view which the government takes regarding

the events which I have spoken of as happening on the continent of Europe and the continent of Asia. I have said nothing whatever to indicate any desire on the part of the government to limit in any way freedom of debate in this house with respect to any question. That freedom exists at all times; it is the right of every hon. member to exercise it in his own discretion. My right hon. friend, the leader of the opposition (Mr. Bennett), has just said that the government gets wider information and gains a fuller knowledge of conditions, through dispatches which it is receiving from Europe, than possibly hon. members may obtain through the agency of the press. In regard to that may I say that such knowledge and information as the government have received through the dispatches which have come to us from Europe and from Asia only serve to confirm the wisdom of the statement which I made a moment ago in reply to the hon. member for Vancouver East (Mr. MacInnis). I wish to repeat that if any useful purpose is going to be served, in respect to the situation either in Europe or Asia, by having these matters debated at great length, then, if hon. members so decide, the government will seek to place no restriction upon their utterances; but the government must, with respect to its own utterances, make them in the light of the responsibility which attaches to everything the government says at this time.

ELECTRIC POWER

TRANSFER TO PARLIAMENT OF CONTROL OF EXPORT EXCEPT IN INTERNATIONAL EMERGENCY

The house resumed from Thursday, March 10, consideration of the motion of Mr. Mackenzie King for the second reading of Bill No. 21, to amend the Electricity and Fluid Exportation Act.

Mr. J. R. MacNICOL (Davenport): As I see it, after listening to the very able speech delivered by the Prime Minister (Mr. Mackenzie King), the object of this bill is to relieve the government of any responsibility for initiating legislation in connection with the export of power. Just why the government is afraid to take responsibility I do not know.

What is the proposal that is before the house at the present time? The government proposes to turn over to a private member, in relation to a matter so important as this, the right to initiate legislation. Both the Prime Minister and the Minister of Justice (Mr. Lapointe) have characterized it as legislation of very great importance, and in my opinion it is altogether too important to be turned over to any private member or to any private bill. Behind a private bill there is always the motive of profit, whereas international amity should be the purpose of the government in a situation of this kind.

I agree with what the leader of the opposition (Mr. Bennett) said. If the government really desires to give parliament the power to pass upon the exportation of electricity, all it has to do is to accept his suggestion and amend the statute so as to provide that before any measure to export power becomes effective it shall have the approval of this house.

It is not my intention to deal with the bill at any great length, but I wish to deal particularly with one aspect of it, namely, the question of the revocability of licences. In the course of the debate so far, three cities have been mentioned, Massena, Niagara Falls, and Chicago, and I will try to show, from our experience in connection with the development of electricity through water diverted at each of these centres, that it is next to impossible to revoke a licence for the exportation of power.

Let us take, first, Massena. During the last year of the great war, in 1918, the aluminium interests at Massena, New York, a branch or subsidiary of the Mellon interests in the United States, were the greatest exporters of that metal to the allies. In 1918, wishing to divert more water from the St. Lawrence, they applied, through the International Joint Commission, I believe, for the right to erect a weir in the south channel of the St. Lawrence river, above the head of the Long Sault. Of course, the government of the day objected. It was a violation of one of our international treaties, the Ashburton treaty, which stipulated that no obstruction should be placed in any international navigable channel between Canada and the United States. But when it was represented to the government of the day that the aluminium company were supplying a very large proportion of that metal used by Great Britain as well as by Great Britain's allies in the prosecution of the war, the government consented to the erection of a weir in the St. Lawrence river on the condition that it should be removed "five years hence," that is to say, in 1923.

What happened? The weir was erected and the aluminium company diverted from the St. Lawrence 25,000 cubic feet of water per second through a power canal over to Massena, situated on the Grass river in New York state, and there from a head of approximately 25 feet they were able to develop from 80,000 to 90,000 horsepower. What was

done in 1923? Indeed the company did not wait until 1923, because, before that date, they asked for an extension of the lease, notwithstanding that the war had then been over for practically five years. In 1928 they went after something very much more important, namely, permission to raise the weir another six feet. That is far different from carrying out the agreement to remove the weir at the end of the five years. To-day that company is diverting 25,000 cubic feet per second. It is developing from 80,000 to 90,000 horsepower from 25,000 cubic feet of water, 12,500 of which belongs to Canada.

I should like the Prime Minister when he speaks again to tell us whether that agreement can be revoked. I do not believe it can, because the interests are too strong, not only in connection with the electricity but in the realm of oil. The same interests are behind both, and they have shown great strength. Hon. members may be familiar with what took place in Colombia, South America, when the Anglo-Persian Oil Company, and the Gulf Oil Company—the latter belonging, I am told, to the Mellon interests—were trying to obtain oil leases in that country. The effort resulted finally in the overthrow of the government. The incoming president, Doctor Herrera, tried to obtain a loan, just as the outgoing president had done; and what did he do? He went to Washington and was there given a banquet; and the gentleman who sat beside him was none other than the Secretary of the United States treasury, the late Andrew Mellon, then head of the Mellon interests, who controlled, I am told, the Gulf Oil Company, and the aluminium company on the Grass river at Massena, New York. Well, what was the upshot? Instead of cancelling the lease for oil for the Gulf Oil interests in Colombia, which it was alleged had been obtained illegally, as a result of the president's visit to Washington Colombia extended the lease and obtained its loan of $4,000,000. That is one instance of how revocation did not take place, of oil in that case, of electricity and water in the case of Massena. The second instance is Niagara Falls. Most hon. members are familiar with the situation there. It would seem that Divine Providence, in laying out the course of the Niagara river, knowing that this great territory of Canada has a cold climate and for heating would require a lot of white coal for a large part of the year, and that in Ontario teeming millions of people would in due course be settled, determined that ninety-four per cent of the flow of water in that river should pass over the Horseshoe falls on our side of the line.

In due course it was realized that there were great potential power resources at Niagara Falls, and in 1909 the two countries made a treaty to prevent the robbery of the water that flows over the falls. Later came the International Joint Commission, and it was arranged that for the preservation of the beauty of the falls not more than 56,000 cubic feet per second of water should be taken for power purposes, and of that 56,000 cubic feet it was stipulated that 36,000 should belong to Canada and 20,000 to the United States. That was not nearly as generous to Canada as would appear on the face of it; for what was the situation at that time? The Niagara-Hudson interests, which control all or practically all the power in the whole of western New York state, had a plant on the Canadian side of Niagara Falls, either in operation or about to operate, known as the Canadian Niagara Power Company plant. They were diverting 10,000 cubic feet per second, and all of the power that they generated with our 10,000 cubic feet of water was exported to the United States, barring a small quantity on which I am told the Ontario Hydro has a call if required.

In determining how much water Canada should have out of the 56,000 second feet this 10,000 second feet diverted by the Niagara-Hudson company or the Canadian Niagara Power Company was charged to Canada, which left us with only 26,000 second feet. Again the Ontario Hydro, or at that time the Ontario Power Company, had a long-term agreement with United States power consuming interests by which these interests were supplied with 60,000 horsepower, requiring the diversion of 3,600 second feet from the Niagara river. In other words at the time the allocation was made of 36,000 feet to Canada and 20,000 to the United States, the United States were already obtaining from Canada 13,600 second feet; so we were left with 22,400 second feet. That was the situation at Niagara Falls. It is a situation which cannot be revoked. The hydro long-term agreement for the exportation of their 60,000 horsepower does not expire until 1950, and I do not know how long the term is of the Canadian Niagara Power Company plant which diverts 10,000 second feet of water. So that at Niagara as well as at Massena we are getting the short end of the stick.

Our power resources are gone from us, whether we would use them or not. Who does not know what happened during the great war, when the power shortage in Ontario was very acute? At that time I was associated with a large plant which used a great deal of hydro power, and I know that there was great difficulty in obtaining power to run

that plant. Why did we not revoke the licence to export the power generated from the 13,600 second feet taken from us? I am not saying we did not agree to do it, but we cannot revoke the agreement.

What is the situation at Chicago, the third instance to which I wish to refer? At Chicago, in spite of anything the premier of Ontario says, Canada does lose a lot of water. I made a speech recently in London, Ontario, in which I discussed the Chicago situation, and later the premier of Ontario said that I must be wrong, because water does not run uphill, and he is reported in the press as saying that on account of lake Michigan being several hundred feet higher than lake Huron therefore no Canadian water can run out at Chicago. But of course the premier of Ontario is not always right; in fact is often wrong, and on this occasion he was very far wrong. As a matter of fact those two great lakes are on the same level, to all intents and purposes one lake, joined by a channel twenty miles wide, the straits of Mackinac. So that the water pouring into those two great lakes pours into one common reservoir. The watershed on the Canadian side from which water flows into those two great lakes is larger than the watershed from which water flows into them from the United States. And of the water diverted at Chicago half is Canadian water.

Now what is the situation there? For the twenty years from 1915 to 1935, the diversion at Chicago for domestic purposes, for power purposes and shipping, has approximated 10,000 cubic feet a second. Thirty-six miles west of Chicago at the town of Lockport, where the Chicago drainage canal drops into the Des Plaines river, Chicago develops 36,000 horsepower of electrical energy, half of which is developed from Canadian water because half of the water diverted belongs to us. Prior to 1900 water was diverted at Chicago in small quantities. In those old days they used to pump it over the height of land ten miles west of Chicago, a height of about twelve feet. They pumped the water and sewage over and poured it into the Des Plaines river. But since 1900 it flows by gravity through a canal twenty-four feet deep and two hundred feet wide, and they can take almost any quantity they want. Up until 1935 they were diverting approximately 10,000 cubic feet per second, and to-day while they are not taking that much they are still diverting about 7,000 cubic feet per second. I am aware that by 1939 they have to reduce the amount taken to 4,000 second feet, but if the bill now before the United States congress passes—and they will move heaven and earth to see that it does—instead of 1,500 second feet plus about 2,000 feet for domestic purposes, the 1,500 will be changed to 5,000.

Canada has protested for years against the diversion of water at Chicago, but can we revoke it? No, we cannot. It has had a disastrous effect on lake levels, apart from the question of power. But the fact is they are developing power with it, and on the rest of the river, the Illinois river, between Chicago and the Mississippi, down which our water flows along with the United States water, there are six other power sites. Some of them develop a small quantity of power, but the whole six, when in full operation, will develop another 70,000, or, plus the one at Lockport, approximately 100,000 horsepower. A large proportion of the water used in the plants down the river will be water diverted from lake Michigan.

If the government of Canada cannot revoke the situation at Chicago and cannot do anything towards revoking the situation at Niagara Falls—and it cannot do anything to change conditions at Massena—what can it do if in a short time it enters into an agreement to export to the United States another hundred or more thousand horsepower? It cannot do anything. I do not believe the government can revoke any contract to export it may enter into with any other government or any organization of producers.

There are the three pictures. May I at this point recapitulate: at Massena 80,000 to 90,000 horsepower has been developed, one-half of which is developed from Canadian waters. If that water were diverted on our side of the line we would have at that point about 40,000 or 45,000 horsepower. At Niagara Falls we receive only that power for ourselves which is diverted from 22,400 second feet; our share of that water should be 36,000 second feet. This is the condition, in face of the fact that 94 per cent of the water at Niagara Falls flows over the Horseshoe Falls on the Canadian side. Canada is getting the wrong end of the stick, if I may use that expression, in connection with each of the three great power developments which have come about from diversions of water one-half of which is from our side of the line.

In the white paper presented to parliament a short time ago I find at page 104 item No. 54, respecting an order in council. In this order in council there are very important statements which bear out my statement to the effect that once power is exported and used in the development of industries on the other side of the line, it is impossible to cut it off without international difficulty.

I have known many large industries in the United States which have used Canadian power, and have gained that information from my association in a business way with some of those great industries. I do not see how it is possible to cut off power from large industries which may be using it. For instance, how can you cut off power from the Lackawanna Steel Company, if they are using it? It is one of the largest steel plants in the United States. If they are not using it, then I know that other companies are using power developed from water diverted from the Canadian side of the line. That power cannot be cut off, because they have long term contracts, and those contracts must continue in operation.

Let us now give some attention to item No. 54 in the white paper. We are told that it is a certified copy of a report of the committee of the privy council, approved by His Royal Highness the Governor General on the 25th August, 1914. The text is as follows:

The committee of the privy council have had before them a report, dated 16th June, 1914, from the right honourable the Secretary of State for External Affairs, calling attention to a recent opinion of the public service commission of the state of New York in the matter of the application of the Canadian-American Power Corporation for permission to import an additional 46,000 horse power of electrical energy from Canada into the United States.

Then, omitting the remainder of the letter, we will read from the middle of page 105, where we find the American opinion with respect to the importation of power.

Without going into details, it seems sufficient to say that the prohibition of exportation from Canada of this present electric power which now comes into this country would paralyse business and industry of many kinds and would deprive numerous localities of electricity for light. American-produced Niagara power is so far from supplying the vital needs of the sections of the state above described that the immediate results of such prohibition would plainly amount to a great public calamity.

How are we going to revoke power, the prohibition of which would cause a great public calamity? I am surprised to find that the government wants to place in the hands of a private member, no matter how brilliant he may be, the introduction of a bill which might bring about a great public calamity, and embroil this country in troubles with the country to the south of us. I am sure the Prime Minister would be one of the last to condone any such action because, I am pleased to say, it would appear that on every occasion he tries to keep this country on an even keel internationally, and out of any possible trouble. I continue the quotation:

The form of securing a licence yearly from the dominion government is required by the dominion law, but such licence has been granted yearly to the other great producing electrical corporations of Canada, and no reason appears for apprehension that any discrimination would be made against the Electrical Development Company or the Toronto Power Company, lessee. We have nothing before us but the suggestion that the Dominion of Canada may at some future time forbid this exportation. This commission must assume that international relations affecting so important a subject as the means of continuing great industries which have grown up in reliance upon the use of this imported power, and as well the interests of the Canadian producing companies themselves, have become fixed—

As I said, they certainly are fixed at Massena; they certainly are fixed at Niagara Falls; they certainly are fixed at Chicago—

—and subject only to such changes as will fully protect the great commercial and industrial interests and rights now served by this power brought from Canada. The time has long since passed when governments proceed ruthlessly from pure national rashness or anger to destroy the settled accepted commercial relations and formally vested rights of persons and corporations.

That is just as true to-day as it was when it was written.

In conclusion I will say that if the Minister of Justice, as he intimated on March 10 might be possible, can persuade the Prime Minister to adopt the suggestion of the leader of the opposition, there will not be much need to find fault with the bill.

Mr. A. J. ANDERSON (High Park): Mr. Speaker, this bill is of great importance to the province of Ontario, one of the constituencies of which I represent. I am opposed to the export of electric power. I believe electric power is an asset of which we should not deprive ourselves, and one which we should use to the greatest extent for the benefit of our people.

We have in Canada another asset of very great importance; I refer to gold. Gold enters to a great extent into the monetary and economic life of the country. It has been found necessary to refuse permission to export gold except for purposes of the adjustment of international balances and foreign trade. Gold is a product of the earth just as electric power is a product of the water that flows over the dam. Electric power is necessary for the welfare of Canada and its export is a different matter from the export of cereals, lumber, cattle or such other products. Canada is fortunate in having great water powers; in fact we are congratulated upon having them in such abundance. It appears to me that the duty devolves upon us of carefully

guarding these water powers, and the electricity produced therefrom should not be allowed to go out of the country.

The practice followed was established by an act which has been on the statute book since 1907. That act practically prohibits the export of power, except in a few cases where licences are granted. The bill we are now considering deals in the main with the manner in which we may permit the export of power, but I think there is behind it a more important principle, namely, whether we will permit it at all. As I said before, I am against the export of power; I believe we should develop the power in this country. The late Sir Adam Beck spent many years of his life in furthering the development of the water powers of Ontario, and we are all proud of the hydro electric system in that province. It has done a great work in bringing power to the people at rates cheaper than ever prevailed before. Power is being delivered to the people of Ontario at a rate which is probably less than that paid in any other country.

The object of this bill is to permit the exportation of electricity from Ontario to the United States. The question to be decided is who will grant the licence. The other day the Prime Minister (Mr. Mackenzie King) placed on Hansard a sketch of what had happened in connection with the export of power from 1907 up to the present time. He furnished us with a great deal of accurate information. During the course of his remarks he directed attention to the attempt made by the hon. member for Leeds (Mr. Stewart) in 1928 and 1929 to take away from the governor in council the right to grant or to refuse these permits. The Prime Minister referred also to the fact that Mr. Hepburn, the present Premier of Ontario, was a member of this house when the bill was passed in 1929. I do not know why the Prime Minister referred to Mr. Hepburn in the middle of his speech, unless it was because of the attitude of Mr. Hepburn with regard to this legislation.

The Prime Minister stated that three applications were made to the government in 1937 for the export of power, two being from the Montreal Light, Heat and Power Company, and one from Ontario. The two from Montreal were made to the government prior to November, 1937. The Prime Minister stated quite frankly that the government had come to a decision that it would reconsider who should give the permit for the export of power. This decision was arrived at in connection with the two applications from Montreal, and when Mr. Hepburn came forward with his application, the government had decided to leave it to parliament to decide whether or not export should take place. It now appears that prior to the opening of parliament, when reference was made to this bill in the speech from the throne, at any rate before the bill was introduced in the house, the Montreal applications had been either abandoned or withdrawn and the only application before the government was the one from Ontario.

For this reason I may be pardoned for referring more or less in detail to the Ontario position. I do so because the Prime Minister, speaking on the second reading of the bill, felt it necessary to place a great deal of detailed information on Hansard. A peculiar position exists in the province of Ontario. When Mr. Hepburn came into office he came to the conclusion that the hydro electric contracts were not profitable or economical. Instead of trying to seek a market for the surplus power, as he is evidently trying to do now, he proceeded to repudiate the contracts under which electricity was furnished to the hydro electric system of Ontario. He threw the whole matter in the air, as it were. Subsequently he made arrangements with some of the companies for reduced quantities of power at reduced prices and in that way stopped any possible litigation on the part of the companies. But he did not succeed in making an amicable arrangement with the Beauharnois company. That company did not take his action lying down; they sued the government and got judgment for something like $600,000 or $700,000. Since the judgment was sustained by the supreme court, the only way out for Mr. Hepburn was an appeal to the judicial committee of the privy council, but he did not take this course, because the judgment had been upheld, I believe unanimously, by the supreme court.

Mr. LAPOINTE (Quebec East): I think it was by the appellate court.

Mr. ANDERSON: Mr. Hepburn then found that he had to humiliate himself and negotiate with Beauharnois, which he did. He entered into an arrangement with that company for the delivery of a quantity of power, not much less than that covered by the original contract, for a long period at a price of $12.50 per horsepower. The price under the previous contract was $15 per horsepower. Mr. Hepburn took all the advantage he could of this change of contract which reduced the price and extended the period with respect to a smaller quantity of electricity. But he found that he was left with an excess of power, and in order to save the province some money he asked this government to consent to the export of this power to the United States.

The export of power is a national matter. It should not be considered a provincial matter, and certainly not a county or district matter. It is something that affects the whole country, and any policy in connection therewith should be the policy of the federal government. Export comes within the jurisdiction of the dominion government. One may ask why, that policy having been followed for over thirty years, the government of Canada should hesitate in 1937 to deal with any of these applications, and particularly with the one coming from the province of Ontario. What has happened in the meantime? We have the assurance not only of the Prime Minister but also of the leader of the opposition that for a number of years no new applications for the export of power have been granted, that the only applications that have been granted are renewals of licences that have been running for some years—and in regard to those I do not think they have been altogether justifiable, because they are not national in character. They have not served to satisfy any particular emergency in connection with the nation. They have been granted solely and only for financial purposes, in order that the hydro-electric commission and companies exporting electric power may have their books better balanced than they would have been without such export of power. That is not a national matter, and personally I feel that the export of power, if it be permitted at all, should be permitted only for purposes which are emergent in their nature or national in their character, and not provincial.

Then we come to the other principle of the bill. There is first the question whether we should allow electric power to be exported, and then there is the question of the method of granting the permit. I have asked, why did the cabinet refuse to deal with the application when it came before them? All I can say is that I look at it very much as the man on the street does. We have to take our information as we get it through the press and otherwise, and rumblings have been heard that our friend Mr. Hepburn, of Ontario, is not particularly enamoured of the Liberal party at Ottawa. In fact, he has gone so far as to say that he is not a King Liberal but of some other branch of Liberalism. I do not know what he means by that, but when a man occupying the position he does makes a statement of that kind against the prime minister of the dominion, it indicates a certain amount of animosity and ill-feeling, and I have no doubt that the Prime Minister and the cabinet were quite aware of the feeling existing between the premier of Ontario and the federal cabinet.

I do not know that the feeling between the premier of Quebec and the cabinet is altogether friendly. I would imagine from statements that have appeared in the press recently that the premier of Quebec cannot be regarded as a very close friend or much interested in the advancement of the Liberal party in the federal arena. The feeling in these two provinces was no doubt well known to this government, as it was to every hon. member of this house or the man on the street, and the question naturally arises: Why did this government hesitate to deal with the application? I cannot say, but after thirty years of experience with the practice that was established under the act of 1907, and in view of the fact that in recent years no new permits have been granted, it appears to me that the power of granting or refusing permits was in very safe hands in the dominion cabinet. Then why should there be any hesitancy in assuming the responsibility that falls upon the cabinet? We have responsible government, and the government were given the power under that act to refuse or to grant the permit. They have the same power with regard to the export of gold, and they do not hesitate to exercise it, and so far they have done very well in controlling the export of gold. Why should they not exercise the same power with regard to the export of electric power? It looks as if they were animated by a certain feeling of fear, a desire to throw off responsibility—I was going to use the word "shirk"; perhaps that is rather offensive. But it looks very much like that, and the man on the street will say that the government are shirking their responsibility in not exercising their power to grant or refuse this permit.

How does the government get over it? By a private bill. I am not going to deal with that, because my leader dealt with it extensively the other day, and showed the absurdity of the position of the government; and it has already been referred to this afternoon by the hon. member for Davenport (Mr. MacNicol). Whenever a matter of public concern is allowed to be brought before the house in a bill sponsored by a private member, it is simply a cover for the government in power behind which they can take refuge and evade the responsibility of deciding the question for themselves; and I am frank in saying I think that is what this legislation is for.

Let me go a little further. We are endeavouring to establish the rights of the federal parliament under the British North America Act. Time and again we have heard it stated, and it is true, that the powers of

the federal parliament are being reduced or invaded by the provinces. But here we have a bill by which the right to say whether or not power shall be exported is left, not to the cabinet, not to the governor in council, but to the lieutenant governor in council of the province from which the electric power is to be exported. Is it not apparent that the Prime Minister and his cabinet are admitting a great amount of weakness? They are not courageous enough—I do not want to say that offensively; but they have not shown courage in dealing with the matter. And have they not shown, by wanting to throw responsibility on the lieutenant governor in council in the province, that the cabinet of the dominion, the governor in council, is not capable of making a decision that would be acceptable to the people?

When the private bill comes in, what are the conditions that are a sine qua non, which must accompany it? The application must be accompanied by a certified copy of an order in council of the province, in this case, Ontario, that they can do without that electricity, and that its export would not injure the province in any way. But it goes further. It so happens that a large amount of this excess electric power originates in the province of Quebec. It comes into the province of Ontario and is sought to be exported to the United States through Ontario; and in such case the petition and the private bill must be accompanied by an order in council of the province in which the electric power originates. It looks to me like fear of the opposition this government is going to get from Mr. Hepburn of Ontario and Mr. Duplessis of Quebec, and so they seek to put the responsibility upon the province and lift it from the governor in council. They ask that the lieutenant governor in council decide.

When the bill comes here, what will be the result? I have been favoured—I do not know how many other members have—with a copy of a letter sent by Mr. Hepburn to the Minister of Trade and Commerce (Mr. Euler) applying for this permit. Mr. Hepburn certainly wants the export of this power, and if he were asked for an order in council or a certificate that the power could be exported without injury to the province, he would certainly grant it. The Ontario government being Liberal—I am not concerned as to whether friendliness exists between the government there and the government here—the request of that Liberal government would be very acceptable to the administration at Ottawa, Liberal as it is to-day. They would not turn it down, because the electorate which elected the premier and the government of Ontario is the same that elects the members from Ontario to this house, and those members would not wish to offend the provincial government. The same applies in the province of Quebec. But what is the logic of leaving it to the lieutenant governor in council of a province to decide whether it is justifiable to export power from that province, the government of the dominion taking advantage of that position and running to cover under orders in council or certificates of the province? My feeling is that this bill is brought in for the purpose of allowing this government, first, to unload the responsibility upon the provinces, and second, when it comes to the house, to unload the responsibility upon the individual members of the house rather than upon the government itself. This government was elected with a tremendous majority, yet it does not show enough courage to assume the responsibility of making it a national matter.

So far as I am concerned, I am against the export of power at all; and if in the course of the discussion on the bill it should be decided by the house to permit export, I yet believe that the power should be vested in the governor in council; let that body be responsible to the house and to the country for the policy of the people they represent.

Right Hon. W. L. MACKENZIE KING (Prime Minister): We are debating at this time of its second reading the principle of the bill with respect to the export of power. May I at the outset, remind hon. gentlemen opposite that the principle of the bill which is now before the house is, to all intents and purposes, the same as that of the bill which was introduced by the hon. member for Leeds (Mr. Stewart) in 1929. The principle of the bill which was introduced in that year by the hon. member was that no export of power should be permitted without the approval of parliament. It was a bill intended to give parliament greater control over the export of power.

Mr. BENNETT: The licence was still retained, though.

Mr. MACKENZIE KING: Just a moment. The principle of the bill was as I have set forth. That is the principle of this bill. The present bill, however, goes a little further in the matter of prohibiting the export of power than did the bill of the hon. member for Leeds. The bill of the hon. member for Leeds provided that there should be the approval of parliament, without indicating how that approval was to be given. So far as the export of

power was concerned it remained permissible with the governor in council. This is a bill which takes away that permissive power from the governor in council and prohibits the export of power. That is the difference between the two measures. In its terms the present measure specifically prohibits the export of power. That is the principle underlying the general bill. It does, however, contain a provision that, while the general law is that of prohibiting the export of power, exceptions may be made if parliament in its wisdom deems it desirable and right that exceptions to the general law should be made.

My reply, in a word, to all hon. members opposite, who say that the government in the procedure it is adopting is actuated by fear or favour or any other ulterior motive they may ascribe, is that in so saying they are simply passing condemnation on themselves for their support of the bill which was introduced by the hon. member for Leeds. I believe that practically all hon. members who have spoken from the opposite side were in the house when that bill was passed. The measure introduced in 1928 received first and second readings. As re-introduced in 1929, it received first, second and third readings unanimously. They all supported it. I ask the hon. members who have spoken, when they supported that bill, Were they seeking to have the government get rid of responsibility; were they seeking to take away responsibility from the ministry and put it on parliament; or were they trying, as I believe they were, to make it more difficult for the export of power to be made, by requiring that the approval of parliament should be given in the first instance?

Mr. BENNETT: May I answer the question?

Mr. MacNICOL: If the right hon. the Prime Minister will allow me to correct him, I was not in the house at that time.

Mr. MACKENZIE KING: Perhaps my hon. friend was not. That was the loss of the house. As between the matter of having the house approve the export of power and of having the governor in council approve its export, might I remind hon. gentlemen opposite, as members of the Conservative party, of the position taken by Sir Robert Borden, who was the leader of the Conservative party at the time the 1907 bill was introduced.

Mr. BENNETT: Might I answer the question which was asked by the Prime Minister?

Some hon. MEMBERS: Order.

Mr. BENNETT: May I answer the right hon. gentleman before he proceeds? He asked that the question be answered, and I am ready to answer it.

Mr. MACKENZIE KING: Well, all right.

Mr. BENNETT: Section 5 of the act as it now stands states:

> No person shall export any power or fluid without a licence, or any power or fluid in excess of the quantity permitted by his licence, or otherwise than as permitted by such licence.

An absolute prohibition, at the present minute.

Mr. LAPOINTE (Quebec East): Without a licence.

Mr. MACKENZIE KING: Without a licence.

Mr. BENNETT: Now we are substituting a private bill for a licence.

Mr. MACKENZIE KING: The existing statute gives the governor in council power to issue a licence that is permissive. The first thing my hon. friends would have said, if the present government had granted the application of the Ontario government, is that the governor in council had taken that action either out of fear of or of favour for the administration at Toronto; that they had been afraid to leave the matter to parliament, notwithstanding they had declared as respects the earlier applications from Quebec to leave the matter to parliament. That is what we would have been hearing to-day. May I say to hon. gentlemen opposite that, as far as the Ontario government is concerned—and I have reason to know its mind in this matter—it would have much preferred to have had the old bill remain exactly as it is and to have had the governor in council grant a licence for the export of power with or preferably without the subsequent approval of parliament than to have the matter of its application referred, as it is being referred under the present bill, for approval to parliament itself. That, I believe, is the truth of the matter.

However, I was recalling the position taken by the leader of the Conservative party at the time the bill regarding export of power was introduced in 1907. Sir Robert Borden then said—and I think he was right in his contention—that the governor in council was the last body which should be expected to decide a matter of this kind. He gave his reasons; they were quite explicit and applicable to what some hon. gentlemen have been saying—that the governor in council is concerned with matters of policy; that council has not the opportunity to get the full and

exact information with regard to these matters enjoyed by other bodies, such as a committee of the House of Commons or the railway commission, which are able to bring before them the parties that make the application and to place on the parties themselves the onus of making good the case on their own behalf. Sir Robert pointed out that an administration would have to depend in large part upon the word of some official of a government department as to what it might be best to do with respect to any particular application. But he went a step further, and said there was another reason why the governor in council should not be trusted with this power, namely, that the council was actually and necessarily a partisan body, composed of members of one party. He did not think it right that members of one party should have it within their power to grant or withhold applications for licences to export power, which if granted might mean a great deal to their friends, and if refused for partisan reasons might mean a great loss to those concerned.

Mr. CAHAN: Those arguments did not prevail in that case.

Mr. MACKENZIE KING: Those arguments did not prevail in that case, but they are prevailing to-day. What I am pointing out to my hon. friends is that such is the argument we would be hearing from them to-day if we had proceeded in any other way than as we are proceeding. Let me ask the house this question: What would have been the attitude of hon. gentlemen opposite if we had retained the act of 1907 as it stands and, under that act, had either granted or refused the application of the Ontario Hydro-Electric Power Commission at the present time?

Let me say at once that, so far as this bill is concerned, I think that as a general act it ought to be considered wholly apart from any application for the right to export power. The government's decision with respect to having this question referred to parliament at this session was made before we had any knowledge whatever that an application would be forthcoming from the government of Ontario or from any organization connected therewith. The evidence of that is to be found in the written documents, the replies made to the Montreal Light, Heat & Power Company and to Aluminium Limited, wherein we pointed out that, in the past, parliament had been gradually taking the position that it should have more in the way of control over the export of power. For that reason, we were unwilling that the cabinet itself should grant further applications without allowing parliament to express its view. We felt—which is the true sequence of the matter—that the bill which my hon. friend, the member for Leeds (Mr. Stewart), introduced in 1928, and which, in 1929, was given its three readings unanimously in this house, contained a principle with respect to which there could be no question at all at this time. If the house had been willing at that time unanimously to permit the export of power, subject to the approval of parliament, we felt that at the present juncture, with the added knowledge and experience that has come with the years, it would be prepared to support a bill embodying a similar principle and indeed, if anything, rather strengthening that principle, namely, the principle of parliamentary control of the export of power.

Let me come back to the question of what would have been said to-day had we adopted any other attitude. After having stated in writing, to the Montreal Light, Heat & Power Company and to Aluminium Limited, the decision to submit the matter at this session before taking any action with respect to the applications, so that parliament might review the whole situation, suppose we had granted the application of the Ontario government. What would have been said by hon. gentlemen opposite? Why, we would have been told that what we had refused to do for the province of Quebec, we had done for the province of Ontario. We would have been asked, why had we refused in the case of Quebec what we had granted in the case of Ontario? And their answer would have been Because the government of Quebec was a Conservative government and the government of Ontario a Liberal government. Every hon. member knows that is what would have been said in the strongest terms by hon. gentlemen opposite. But they would have gone further. We have only to consider what the hon. member for Dufferin-Simcoe (Mr. Rowe) said at Petrolia the other evening, and what he and several other hon. members have repeated in the course of this debate. They would have said there was yet another motive for the government's action—I do not care what motive it was. And that is the reason why we cannot escape in this discussion making some mention of the application that has been received from Ontario since the government's decision with respect to Quebec applications was made. Suppose we had said, "We will grant this application of the Ontario government and leave it to a resolution of the house," as the leader of the opposition says.

Mr. BENNETT: No, not a resolution.

Mr. MACKENZIE KING: Well, then, a bill, approving the action of the governor in council.

Mr. BENNETT: Ratifying and approving the order in council granting the licence.

Mr. MACKENZIE KING: Let us see exactly what the position is. My right hon. friend says that what we should have done was to approve that application.

Mr. BENNETT: Or disapprove.

Mr. MACKENZIE KING: And then we should have brought the order in council to this parliament and introduced a bill asking for the approval of the action of the governor in council.

Mr. BENNETT: Or disapproval.

Mr. ROWE (Dufferin-Simcoe): You could have refused it.

Mr. MACKENZIE KING: My hon. friend says we should have disapproved it.

Mr. ROWE (Dufferin-Simcoe): No; I said you could have refused it.

Mr. MACKENZIE KING: Let us take both views.

Mr. LAPOINTE (Quebec East): Then we would not have had a bill afterwards.

Mr. MACKENZIE KING: Let us see where we would stand on either count. Assuming that we had approved, the hon. member for Dufferin-Simcoe, who has just spoken, would have repeated what he said at Petrolia the other evening; he would have said that the government had approved the application out of fear of the government of Ontario.

Mr. ROWE (Dufferin-Simcoe): Not if you refused it.

Mr. MACKENZIE KING: But if we had granted the application.

Mr. BENNETT: Subject to approval in this house.

Mr. MACKENZIE KING: My hon. friend would have said that the government at Ottawa had been dragooned into approval by the government at Toronto, that Mr. Mackenzie King was afraid for his life of Mr. Hepburn; we would have had all that sort of talk. This would have been given as the reason why the application had been granted. And what would the leader of the opposition have said? He would have said, "What greater pressure could the government have put upon its following to support its action than to make a government measure of this matter? The government has granted the application and now it comes to parliament and says to its following that it must approve its action by an act." Well, what would the government be saying, by implication, in such circumstances? It would be saying, "You have to support the act or the government will be defeated; if you do not support it you will be voting against the policy of your own administration." And then the right hon. gentleman would have added, "Under the circumstances, what freedom is there on the part of any member of this house to decide for himself, on the merits and to vote as he likes?" That is what he would have said.

Mr. BENNETT: I desire to point out that the right hon. gentleman is conducting a debate upon a supposititious statement, which under the rules he is not permitted to do. He is not permitted to say what other people would have said but must deal with the situation as it is. Anyone who dignifies that sort of thing with the name debate cannot have a proper realization of the misuse of words.

Mr. LAPOINTE (Quebec East): It is a natural inference.

Mr. BENNETT: No; that is nonsense.

Mr. MACKENZIE KING: The truth of the utterance must be coming home to my right hon. friend, or he would not take exception to it.

Mr. BENNETT: That is in keeping with the right hon. gentleman's other statement.

Mr. MACKENZIE KING: I know his line of argument better than he does himself.

Mr. BENNETT: You have been going around the country misstating it long enough.

Mr. MACKENZIE KING: I have been sitting opposite my right hon. friend for a good many years, both in office and in opposition, and have come to understand his tactics fairly well, and I know that no matter what attitude—

Mr. BENNETT: The rules do not permit one member to assert what another member would have said but only what he has said.

Mr. MACKENZIE KING: All I have said is that I know certain things, and one of the things I do know is this—that whatever I propose my right hon. friend is going to find ground to oppose.

Mr. BENNETT: The records do not show that, do they?

Mr. MACKENZIE KING: Oh yes, on these party matters; on questions where there is party controversy.

Mr. BENNETT: They show quite the opposite; they do show unfairness. Look at the British treaty, for instance.

Mr. MACKENZIE KING: I do not want my right hon. friend to get into a quarrelsome mood.

Mr. BENNETT: No, but I am prepared to quarrel over that.

Mr. MACKENZIE KING: Well, if my right hon. friend is prepared to quarrel, I am not going to quarrel with him; I want him to keep in a quiet frame of mind.

Mr. BENNETT: Too proud to fight.

Mr. MACKENZIE KING: No, I am not going to quarrel with him; he is not in a condition of health at the present time to quarrel and I shall not start quarrelling with him.

Mr. BENNETT: What a shameful statement.

Mr. MACKENZIE KING: What is a shameful statement?

Mr. BENNETT: That one, as every decent man here knows.

Mr. MACKENZIE KING: What is? If I have said anything that hurts my right hon. friend's feelings, or the feelings of anyone else, I am deeply sorry for it, but I am sincere when I say I have no desire to quarrel with my right hon. friend or have him get into an unpleasant mood. There is no need for it.

Mr. BENNETT: On the point of order I raised, I desire to point out that under the rules it is not permissible for anyone to make statements as to what somebody would say. The record of what anyone has said governs, not what another member says he would have said. More than that, I say that this is well defined by the rules, so well defined that it is hardly necessary to mention it.

Mr. MACKENZIE KING: I am sure I have a right to draw the inference as to the line of argument that would have been adopted.

Mr. BENNETT: But it was not adopted; that is the answer.

Mr. MACKENZIE KING: I am afraid I cannot follow my right hon. friend in his interpretation of the rules. What I am as sure of as that day follows night is that if this government had come into this house, having approved an application of the Ontario government, and asked its following to support the application because the government had granted it, the government would very quickly have been told, and the country would have been told, that we had put pressure upon our own following so that they had to support the application. On the other hand, assume we had refused to grant the application—the hon. member for Dufferin-Simcoe nods his head—what would he and the others have said? Immediately they would have said, "This is resentment on the part of the present Prime Minister of Canada because of what has been said about him by the premier of Ontario." That is what would have been said from one end of Canada to the other; that there had been no judicial appraisal of the situation; that the application had not been considered on its merits, but, because the head of the government of Ontario had been unpleasant and critical and said some things unworthy of him about the Prime Minister of Canada, the latter had taken his revenge by refusing to grant the application made by the Ontario Hydro-Electric Commission. I am not going to permit hon. gentlemen opposite to say that now, or at any time to come. I wish to make it plain at the present time that, if this bill passes and a private bill is introduced, based upon it, hon. members on this side of the house are to be free to vote as they please on that measure. I shall ask them to do what they think is right in the light of their own best judgment, regardless altogether of what view I may take. I know the position I intend to take; there has been no doubt in my mind **all along as to that.** But no greater compliment could have been paid me by hon. gentlemen opposite than their taunt, "We do not know where the Prime Minister stands at the present time." Why do they not know? For the simple reason that I have not said and do not intend to say a word to any hon. member on one side or the other as to how he ought to vote on the private bill when it comes to the house, except that I shall expect every hon. member to consider the bill on its merits. That is the reason I have been silent with respect to my own attitude on the private bill. When the bill comes in, I shall, of course, have to say what course I deem the wisest and best.

In order, however, that the action of the government with respect to the present measure may not continue to be completely misconstrued as it has been by hon. gentlemen opposite, I want to make it perfectly plain again that the intention of the government with regard to this measure had been reached before any application came from Ontario at all. The policy decided upon prior to that time was to take the course we are now taking among other reasons because we believed it would command the unanimous approval of hon. members of this house, and that we would have no debate as to the wisdom of the course, seeing that already all hon. mem-

bers in a previous house had on two occasions supported the principle of greater parliamentary control. These are the reasons for the policy adopted by the government. There has been no change of attitude on the part of the administration from the time it considered this matter, when the first Quebec application came to it, up to the present.

Another criticism has been made, namely, that the present bill requires that the provinces give their consent in advance to the export of power. Here again a provision is made which accords with what was the unanimous view of the house a few years ago. I spoke the other day of the resolution introduced in 1925 by Mr. LeSueur of East Lambton, at the time a member of the Conservative opposition. The resolution, when introduced, read that there should be no export of power except off-peak power. The discussion on the resolution brought out some differences of view. The government of the day suggested that Mr. LeSueur's resolution should be amended by striking out the words "off-peak power" and substituting "only with the consent of the provinces concerned." The Right Hon. Arthur Meighen, who was leading the opposition at the time, said that he would agree to that amendment. Why? Because he believed that it would bring unanimity in the house on the question of the export of power. He added further that he believed no provincial government would want to export power. But it was for the purpose of attaining unanimity that that resolution was amended, and that as amended it came to be accepted unanimously by this house at that time.

Now, if in the present bill we had omitted that obligation on the part of the provinces would there not have been criticism from hon. members opposite? They would have asked, Why is the province of Quebec not to be consulted with regard to the export of power that belongs to it? Why is the province of Ontario not to be consulted with regard to power that belongs to it? Here is the creation of more in the way of friction between the provinces and the dominion, another constitutional difficulty arising, an effort on the part of the federal administration to take exclusively into its hands the whole question of the export of power, to determine it at Ottawa, whereas the power belongs to the provinces and not to Ottawa at all. Remember the position as to this matter. So far as the power in question is concerned, it is admitted that the power belongs to the provinces; that it does not belong to the dominion. Where the dominion's jurisdiction comes in is in dealing with matters that pertain to trade and commerce. For that reason, when it comes to exporting power beyond the boundaries of Canada, the provinces are not free to do as they will with their own. That is where the jurisdiction of the federal government arises. I say then that, since the provinces own the power themselves, it is only reasonable and right that the dominion, before taking a stand as to what is to be done with respect to the export of that power, should ascertain whether the provinces are agreeable and willing to have the power exported. Supposing we had not made this provision, what would be said of the legislation we are presenting to this house now? It would be said that the federal government, without even consulting the province of Quebec, or the province of Ontario, or any other province concerned, was taking their power and granting the right to export it, regardless of how exporting this power might affect the interests of consumers, might affect industrial interests on this side of the line, or serve to create competitive interests on the other side. We would deserve to be condemned strongly if, in the bill which we have before the house, we did not say that before export of power is permitted by a private act of the federal parliament, it must be ascertained that the provinces concerned are agreeable to the export and have safeguarded the interests of consumers in the provinces.

It was the present hon. member for Kootenay East (Mr. Stevens) who first raised the point the other evening. What do I find? I find, on looking over the debates in this house at the time of the LeSueur resolution, that the hon. member's objection at that time was in a precisely opposite direction. He contended that all we were providing for by that resolution was that the province from which the power was to be exported was the only province to be considered; that the power might be generated in another province, and, instead of limiting the consent to the province from which it was proposed to export it, we should, he said, go further and require the consent of every province concerned; exactly what we are doing in this present measure. The hon. member said on June 15, 1925, as reported on pages 4279 and 4280 of Hansard:

> Take the case of a water power which may be located in one province but vitally affects the rights of another province, for instance the Winnipeg river—I am not citing that specifically but merely as a general illustration—one province might be willing to consent to the export, but the other province, vitally affected by that export, might be opposed, and yet would have no voice in the decision by reason of the amendment suggested by the Prime Minister.

My amendment, as he thought, had reference only to the province from which the export was to take place. My reply to him was:

Mr. Mackenzie King: In what I suggested I used the expression "with the concurrence of the province or provinces in which it is proposed to develop such power."

In other words, by inserting that very provision, namely, that the province from which the power was to be exported—and if there should be another province concerned, the province generating it, should be consulted—parliament declared that power which the provincial government considered was needed in the province should not be exported under licence. At that time we were merely taking a position which was reasonable and just, and which the hon. member for Kootenay East then endorsed. But now the hon. member imagines all sorts of evils with respect to the insertion of this particular provision. He says, "We know this is equivalent to an invitation compelling the government to give licences when applications come before parliament." He says that once you require a province to indicate its consent, to all intents and purposes you are obligating yourself to meet that consent. That is a diametrically opposite position to the one he took in the discussion in 1925.

I must say I do not think we would be justified, as a federal parliament, in legislating to authorize the export of power under a private act, unless we were perfectly certain that the provinces in question were agreeable to the export, and unless we were assured, by the province itself, that the authorization we were proposing would not in any way injure the interests of which it ought to be guardian. I believe that explanation completely justifies the clauses requiring consent of the provinces.

The hon. member for East Kootenay next took exception to the fact that certain permissive powers given to the governor in council with respect to licences, are to remain in the statute where they apply to the export of fluids, but are to be eliminated where they apply to the export of power. He thought there was something sinister about this, and that we must have in mind in some way giving larger privileges to private interests, in connection with power, than those now existing.

What is the reason for having omitted those permissive restrictions? There is none, other than the fact that we were taking from the governor in council and giving to parliament itself the right to grant authority, and parliament has the power to impose any restrictions it pleases. The reason that there were certain restrictions put in the original legislation was that parliament was delegating certain functions to the governor in council, and in delegating to the governor in council these functions, care was taken to indicate within what particular limits they might be performed.

But here the situation is reversed. Under this legislation we are taking from the governor in council the power to grant authority and we are leaving it to parliament itself. We are leaving it to parliament to insert any provision it may please as to conditions, as to the duration of the contract, as to only surplus power being exported, as to whether there shall be an annual review or power of revocation by the governor in council, as to the price at which the power is to be sold—if it is to be exported—and as to any other matter which may be of interest and concern to the public of Canada in the export of power.

But if it will serve to remove any suspicions, and if in the minds of any it will make for a little more effective control of the export of power, to have more in the way of detail set forth in the general act, I shall have no objection whatever, when the bill reaches committee, to proposing an amendment, which I have drafted and now have before me, to provide that, with respect to any private bill which may be introduced, certain provisions which are set forth must be complied with. Among those provisions will be one having to do with the sale only of surplus power; one with the price at which power can be sold, if exported to another country, as compared with the price to be charged in this country; a provision with respect to the duration of the right to export; and the right of the governor in council to terminate the right to export; and provisions with respect to one or two other particulars, which I shall outline when I introduce the amendment.

So far as provisions of the kind are concerned, which would be certain I believe to find their place in any private act respecting the export of power which might be passed by this parliament, there is no need for concern on the part of hon. members.

I come now to a somewhat singular statement made by the leader of the opposition. The other day my right hon. friend said that the government is leaving it to a private member to bring in a bill respecting the export power, when never before in our history has a measure of this character and importance been submitted to parliament by a private member. He asked if any one had ever heard of such a proposition in all the history of this parliament. One would have thought

that the right hon. gentleman knew all the history of this parliament, and that he could not possibly err in making a statement of the kind.

What are the facts? The facts are that the first bill permitting the export of electrical power from Canada was a private bill passed in this parliament. The very first bill respecting the export of power was a private bill, introduced by a private member in the house. The Canadian Power Company was incorporated in 1887 by private act of parliament, 50-51 Victoria, chapter 120, giving authority—

—to contract in writing with any company which may have heretofore erected, or which may hereafter erect, a bridge across the Niagara river, for permission, upon such terms as may be agreed upon, to carry one or more wires for electric light or other purposes, upon and over the said bridge towards the United States shore of the Niagara river, and connect the same with the wires of any electric light company, or other company in the United States, and may also contract with such company to work the said electric light, or other power, jointly.

The act of 1887 was amended in 1891, but the authority to export was not affected. By implication, the authority to export was extended by chapter 89 of the statutes of 1893, by giving the Canadian Power Company authority to connect—

—any other wires or cables which the company may lay across the said river.

That had reference to the Niagara river.

My right hon. friend has said there never was a precedent for anything like this in the history of Canada.

Mr. BENNETT: That is not the same thing at all.

Mr. STEWART: The act to which the Prime Minister refers was passed long before the Electricity and Fluid Exportation Act of 1907.

Mr. MACKENZIE KING: Yes.

Mr. STEWART: Which entirely changed the policy, I submit. Does the Prime Minister think the effect of that act would be superseded by the provisions of the Electricity and Fluid Exportation Act of 1907, and has not a licence been taken out under that act?

Mr. MACKENZIE KING: I say the first right to export power from Canada was given by this parliament, not under a public act, but under a private act. That is the point at issue.

Now may I come to what my right hon. friend the leader of the opposition said in conclusion. It was, I think, a reflection upon every hon. member of both houses of this parliament. He suggested that to permit the introduction of private bills to authorize export of power would result in lobbies of a character that it would be difficult for hon. members of this parliament to resist. My right hon. friend has once or twice stressed the fact that what he wanted with respect to the further export of power was an act of parliament. He wanted that because the bill granting authority to export would have to go through both houses of parliament and be assented to by the crown. This bill will have to pass both houses and the private bill, if one is introduced, and is to become law, will have to pass both houses. The private bill will have to go before a committee and the justification of the measure will rest upon the applicants. Hon. members will have all sides of the argument presented and will be able to form their own opinions. But notwithstanding the fact that such a bill would have to go before both houses of the Canadian parliament, the right hon. leader of the opposition says that because a lobby may develop, the government should not make provision in this legislation for the authorization to export power to be given by parliament under a private act.

The same thing was said by the hon. member for Kootenay East. He recited his experience in connection with what he termed a most terrible lobby at the time of the application for the export of Carillon power. What was the result of the lobby in connection with the export of power from Carillon? The application was not granted; the lobby was of no effect whatever! The application went before the private bills committee and it was killed there. That shows how much members of parliament of that day were influenced by what the hon. member for Kootenay East termed the worst lobby he had known in his experience in public life. I wonder if the members of the present parliament are not to be equally trusted, if their integrity is not as great, if they are not equally sensitive as respects their honour, if their personal character is not as high; are they to be expected to exercise less in the way of judgment, less in the way of prudence and wisdom, less in the way of patriotism than was the case with members of a previous parliament? I say it is wholly unworthy of my right hon. friend to make a suggestion of the character he did.

Motion agreed to and bill read the second time.

Mr. MACKENZIE KING moved that the house go into committee on the bill.

Mr. BENNETT: If there is to be an amendment of any importance I should like this to be taken up in committee on another

day. We have a few amendments to offer, two of which are exactly the same as those suggested by the Prime Minister. Perhaps we could go into committee of the whole and then the Prime Minister might be good enough to place on the votes and proceedings or on Hansard the details of the proposed amendments. I think that would enable us to deal with the matter more expeditiously than we otherwise could.

Mr. MACKENZIE KING: The course suggested by my right hon. friend is, I think, a good one. I shall be only too pleased to follow along the lines suggested.

Motion agreed to and the house went into committee, Mr. Johnston (Lake Centre) in the chair.

Section 1 agreed to.

On section 2—"Export" and "exportation" defined.

Mr. MACKENZIE KING: The only change here is the addition of the words "or contrivance." In order to make clear the provisions of the act in so far as they relate to the export of fluids, may I say that there is in the present bill no change in any of the provisions of the existing act other than a slight redrafting. A distinction has been drawn in the present bill between the provisions of the act relating to the exportation of fluid and those which relate to the exportation of power and the provisions with respect to each have been kept separate and distinct, the reason being that the exportation of power is being provided for by a private bill instead of by licence as has been the custom heretofore.

Section agreed to.

On section 3—Licence to export fluid.

Mr. BENNETT: I think we have reached the point where we should rise because there is involved here the whole underlying principle of the statute. I should like to state this more clearly. It was unanimously agreed on two occasions that licences for the export of power should be issued with the approval of parliament. There was a prohibition in section 5 against any export, and that is the point to which I desire to direct attention. There was an absolute prohibition in the section of the old statute, which reads:

> No person shall export any power or fluid without a licence, or any power or fluid in excess of the quantity permitted by his licence, or otherwise than as permitted by such licence.
>
> 2. No person shall, without a licence, construct or place in position any line or wire or other conductor for the exportation of power, or any pipe line or other light contrivance for the exportation of fluid.

[Mr. Bennett.]

The only method by which you could get around that prohibition in the old statute was by means of a licence. The suggestion contained in the bill introduced by the hon. member for Leeds (Mr. Stewart), to which the house agreed twice, was that a licence should be subject to the approval of parliament. Now we are changing that and no provision for a licence is being made in the new statute. It is proposed that the question of licence shall be dealt with by a private bill, but I submit that a private bill is not the proper place in which questions of licence issued by this country should be dealt with. It is the public bill that deals with the granting of a licence by Canada; it is under the authority of the public bill and not the private bill that the licence issues. If we are going to do away altogether with the question of licence, then all those problems to which the Prime Minister directed attention a moment ago, which we desired to submit as questions of policy, and all the conditions to be urged with respect to the licence itself arise. There is nothing about the licence left, and that was the reason I was going to suggest here that the question should be reconsidered from the standpoint of how the permission of the Canadian parliament was to be expressed. The private bill is intended to deal with that and it is going to impose conditions, but clearly a private bill should not authorize the granting of a licence. I think the Minister of Justice (Mr. Lapointe) will admit at once that it is wholly unworthy of this parliament to have a private bill—

Mr. LAPOINTE (Quebec East): Section 3 of the present bill applies only to the export of fluids.

Mr. BENNETT: I am raising the question now because the question of electricity is left entirely out of the new section. There is a differentiation between fluids, such as water or natural gas—which is not a fluid—or oil.

Mr. LAPOINTE (Quebec East): There is nothing new in principle with regard to fluids.

Mr. BENNETT: Electrical power is taken out of the section.

Mr. LAPOINTE (Quebec East): Yes, but it will come later.

Mr. BENNETT: This is the section where we begin to consider the question that arises —I mention it now because I think it is the beginning of it—as to whether or not the licence feature is to be continued with respect to electricity. Just as it stands now, there is nothing that permits a licence to be issued. I think the Minister of Justice will admit that it is entirely wrong that a private

bill should make provision with respect to a licence because the granting of a licence is the act of the whole government of Canada. To do this without a licence would create extreme difficulty in administration, and I might say to the committee that the amendments we have deal also with the period of time during which the right to export should exist. At the present time the licence to export expires on the 31st day of March each year; it is then renewable for only one year, and the provision that I was going to suggest in order to meet any difficulty on that ground was that it should be made clear that, in accordance with the general view of the order in council of 1914, the conferring of the right to export power created no vested or other right of any kind. I think that is essential.

The other question, in order that it may be before the committee, is that of surplus power. The question of what is surplus power would in my judgment be a matter that would arise for consideration each year. That is, where you have a yearly licence which expires on March 31, and may then be renewed for another twelve months, what was surplus power in the preceding twelve months might not be surplus power in the following twelve months. In other words, the demand for the use of power at home may be so great that surplus power no longer exists; whereas if you take the standard of surplus power at what it was in 1938, then you have a continuing licence notwithstanding what might be the demands for the use of power at home. It was to overcome that difficulty that I have also drafted a short amendment, and I mention it at this stage because this is the section which takes electric energy out of the provisions of the general bill and no longer makes any provision for the issue of the licence.

Mr. LAPOINTE (Quebec East): Of course, Mr. Chairman, I still think, this section having regard only to fluid, that some of the remarks of the right hon. gentleman would come more properly when we reach the section with regard to power.

Mr. BENNETT: I agree.

Mr. LAPOINTE (Quebec East): But I would ask at once, Is my right hon. friend not making a mistake in saying that the bill, which was introduced by the hon. member for Leeds (Mr. Stewart), and was passed by parliament, retained the system of licence with regard to power as well as with regard to fluid? The bill of the hon. member for Leeds repealed section 5 of the old act, which provided:

> No person shall export any power or fluid without a licence, or any power or fluid in excess of the quantity permitted by his licence—

And so forth. There is established a distinction as between power and fluid. With regard to fluid the bill of my hon. friend maintained the situation as it was:

> No person shall export any fluid without a licence.

But with regard to power it did away with a licence altogether. It said:

> No person shall export any power without approval of parliament.

There is no previous licence. It is the first step.

> No person shall export any power without approval of parliament or on any terms or conditions other than those approved by parliament.

I think my right hon. friend is wrong when he says that the purpose of the bill of the hon. member for Leeds was, first, to have the licence issued by the governor in council and then a bill introduced in parliament approving it.

Mr. BENNETT: I agree as to that.

Mr. LAPOINTE (Quebec East): Well, then, there is a distinction to be made as between the two. I really believe that section 3 of the bill applies only to fluid, and as it remains as it was before I think it might be allowed to go through, reserving the discussion of the export of power until we reach section 4.

Mr. BENNETT: Perhaps I did not make myself sufficiently clear. I indicated that that was one method by which the matter might have been dealt with, merely approval of the licence. Perhaps I did not make sufficiently clear what I now see is the difficulty in the legislation introduced by the hon. member for Leeds, that it did not indicate clearly when the licence was to issue. Presumably it would be provided for in the private act. It may be my lack of clarity that has caused the difficulty. If the minister will be good enough to look at section 3, he will see that it now for the first time deals with the question of licence, and eliminates for the first time the question of granting a licence with respect to electric power. In other words, the section becomes no longer applicable to electricity, and inasmuch as it is not applicable to electricity it would be incongruous that a private act should deal with the higher exercise of power by the government, namely, the granting of the licence. It would be putting in a private act so-called a provision with respect to the exercise of executive power by the government of the country, namely,

the issuing of the licence itself. The private act should not do that. Perhaps I have not made my point as clearly as I should.

Mr. LAPOINTE (Quebec East): Oh, yes; but does my right hon. friend say that a private bill cannot give the power to export without dealing with the issuing of licences as well?

Mr. BENNETT: I certainly would answer in the affirmative; quite so; I agree with the minister at once. But there should be, in my judgment, a licence, because an act of parliament extending for a year would involve, in the very nature of things, the passing of another act of parliament next year and every year.

Mr. LAPOINTE (Quebec East): Oh, yes; but an act of parliament may be for more than a year.

Mr. BENNETT: Quite. But in view of our past history in this matter and the order in council of 1914, consequent upon what was said by the utility commission of New York, I submit that in the private act the provision for the licence should not occur because it is a high executive act, and we should put it in a public bill and make provision whereby under authority, if you will, of the private act the licence and the record of it and everything of that sort would be kept by the crown.

Mr. FACTOR: You mean after the private act was passed?

Mr. BENNETT: Quite, and we should make provision for it here in the broad public legislation dealing with the question of export. I entirely agree with the minister that our jurisdiction is only with respect to export. We have nothing to do with power qua power except such as is developed in the St. Lawrence, and we have something to say there because there is the question of navigation; but with respect to power created by private enterprise, the provinces have to deal with that. But we have trade and commerce under federal jurisdiction. What I cannot contemplate is that there should be no record of the authorization except the statute. There should be information that this licence is on record. But if we do not contemplate that, this section need not stand so far as I am concerned.

Mr. MACKENZIE KING: With regard to that section, I am proposing to move the following amendment:

— That section 4 be amended by adding the following subsection:

[Mr. Bennett.]

(4) Every such private act shall, unless it is otherwise expressly provided therein, be read and construed as including provisions that,

(a) The quantity of power to be exported thereunder shall, notwithstanding any provision therein fixing the quantity of power to be exported, be always limited to the surplus power in excess of that required for distribution for use in Canada;

(b) the power exported shall not be sold outside of Canada at a price less than the price of power produced and sold under substantially similar conditions for use in Canada;

(c) the said private act may be repealed by proclamation of the governor in council, at any time, upon such notice as the governor in council shall prescribe, or, if the governor in council is satisfied that the conditions imposed by paragraph (a) or (b) of this subsection are not being complied with, without notice;

Mr. BENNETT: I hesitate to remind the Prime Minister that he negatives his argument of this afternoon by saying that the governor in council may by proclamation repeal a private act. At least it detracts a great deal from any force that attached to his argument, because this amendment gives the governor in council power to put the matter back "as you were." It is a very unusual power. For that reason I suggest that the right hon. gentleman might permit the committee to rise and then, with this amendment on Hansard, we shall have an opportunity to read and study it, because there are one or two matters which I do not believe are covered. They are covered if we accept that broad one, namely that a proclamation may repeal a statute. There are some other sections as well which may be looked into.

Mr. LAPOINTE (Quebec East): I am told that there are precedents for such a course.

Mr. BENNETT: Yes, I am thoroughly familiar with them. But I should like, if it were possible, that we have an opportunity to study that amendment.

Mr. CAHAN: Could we not have all the amendments which the government now propose put in the votes and proceedings to-morrow, or read now on the record, so that we can consider them all?

Mr. MACKENZIE KING: There is the following additional amendment of section 4:

That section 4 be amended by inserting, immediately after the number 4 at the beginning of the section and before the word "section," the following words:

"Subject as hereinafter in this act provided."

The effect of section 4, among other things, is to repeal certain of the provisions relating to the existing system of licensing export of power. It is the intention to retain this licensing system with respect to licences at

present in force. The purpose of the minor amendment which the government wishes to effect is to make clear, as will be specifically set forth in section 9 of the bill, that the authority of the governor in council to renew or revoke existing licences to export power is not impaired and still subsists.

Mr. BENNETT: That is pretty nearly there now, in section 9.

Mr. MACKENZIE KING: Then, coming to section 5, there is a similar amendment:

That section 5 be amended by inserting, immediately after the number 5 at the beginning of the section and before the word "section," the following words:

"subject as hereinafter in this act provided."

For that the explanation is similar to what I have already given.

That section 9 of the bill be struck out and the following substituted therefor:

"9. The said Act is further amended by inserting after section 10 thereof the following:

"11. Nothing in this act contained shall affect any licence existing at the date of the commencement of the Electricity and Fluid Exportation Act Amendment Act, 1938, and every such licence may notwithstanding the repeal of any of the provisions of this act by the said Electricity and Fluid Exportation Act Amendment Act, 1938, be renewed from time to time or revoked by the governor in council in the like manner and circumstances and with the like result and subject to the like terms and conditions as if such provisions had not been repealed but remain in force."

The object of the amendment to section 9 is to remove any doubt which may now be felt as to the adequacy of the section, as it appears in the bill, to provide for the legal continuance of the existing licences and the authority of the governor in council, under the act of 1907, to renew or revoke these licences.

This amendment, together with the minor amendments to sections 4 and 5, continues the authority of the governor in council to renew or revoke the licences at present in force, which exists by virtue of the act of 1907, and the regulations made under that act.

Mr. BENNETT: Those are the amendments?

Mr. MACKENZIE KING: Those are the amendments. I may have one additional amendment, but I wish to consider it further before placing it on the record.

Mr. CAHAN: With regard to section 6 of the bill, which provides a new subsection 2 for section 8 of the act, I can find no authority for parliament to enact such a section unless as preliminary thereto parliament declares such lines, wires, conductors, and contrivances to be "works for the general advantage of Canada". The only way in which it is possible, I believe, for parliament to obtain legislative jurisdiction over the lines running through any province is by declaring them to be "works for the general advantage of Canada," and I should like the minister to consider an amendment to section 8, the first subsection to read something like this:

(1) All transmission lines or lines of wire or other conductors for the exportation of power and all pipe lines and other like contrivances for the exportation of fluid, from any place in Canada to any place outside of Canada, are hereby declared to be works for the general advantage of Canada.

I think that might be followed by a subsection which is contained in the bill—

Mr. LAPOINTE (Quebec East): May I say to my hon. friend that the amendment as it is is merely the old section, subsection 2 of section 5 of the old act.

Mr. CAHAN: May I say to the minister that that is perfectly true; but when we came to consider certain questions with regard to the Beauharnois and other hydro-electric undertakings, we were all, I believe, of the opinion—all of the lawyers who were consulted at that time with regard to the new licence for Beauharnois—that that section at present existing is ultra vires of parliament unless there is, preceding it, a declaration that the transmission lines constructed in a province for that purpose are to be deemed "works for the general advantage of Canada." I am merely suggesting that for consideration, because I propose to move an amendment.

Mr. LAPOINTE (Quebec East): The suggestion of my hon. friend recommends itself to me, as it probably will to other members of the committee. I shall take time to consider it.

Mr. CAHAN: I was about to suggest another slight change in section 8. Perhaps I can read now the entire section 8 which I propose to move when the bill comes before the committee. It would read something like this:

6. Section 8 of the said act is repealed and the following substituted therefor:

8. (1) All transmission lines or lines of wire or other conductors for the exportation of power and all pipe lines and other like contrivances for the exportation of fluid, from any place in Canada to any place outside of Canada, are hereby declared to be works for the general advantage of Canada.

(2) Subject to any regulation of the governor in council in that behalf, the governor in council may grant licences for the construction, placing or laying of any transmission line or line of wire or other conductor for the exportation of power, or of any pipe line or other like contrivance for the exportation of fluid.

(3) No person shall, without a licence, construct or place in position any transmission line or line of wire or other conductor or contrivance for the exportation of power or any pipe line or other like contrivance for the exportation of fluid.

That makes a change, first, in order that parliament may clearly and beyond doubt obtain legislative jurisdiction; and, second, I suggest that any line for the transmission of electric energy might very well in this section be called a "transmission line," because the technical term is really "a transmission line" or a "line for the transmission of electric energy," and the mere word "line" without the word "transmission" is not technically sufficient to be clear without judicial interpretation.

Mr. BENNETT: The proposed amendment takes notice of the distinction between export to a foreign country and export interprovincially.

Mr. LAPOINTE (Quebec East): Would it be too inquisitive to ask whether there are other projected amendments?

Mr. BENNETT: Frankly, some of us had in mind several additional amendments, but I am inclined to think they are all met by the suggested amendments that have just been read by the Prime Minister. My view is, if I have a correct appreciation of the extent and value of these amendments, that they cover practically all that we had in mind in the suggestions which we proposed to make to the committee.

Mr. MACKENZIE KING: Perhaps it would be best then for the committee to report progress and ask leave to sit again.

Progress reported.

WAR VETERANS' ALLOWANCES

EXTENSION OF ALLOWANCES TO INCLUDE CERTAIN OTHER CLASSES—ENLARGEMENT OF MEMBERSHIP OF BOARD

Hon. C. G. POWER (Minister of Pensions and National Health) moved the second reading of Bill No. 35, to amend the War Veterans' Allowance Act.

Mr. H. C. GREEN (Vancouver South): Before the bill is given second reading, perhaps it would be in order to congratulate the minister upon having awakened the government, this sleeping giant of a government, long enough for it to do something about the problem of the 5,100 odd unemployed veterans with service in an actual theatre of war who were found by the veterans' assistance commission to be wholly or partly unfit to work. I believe the minister will admit that in the task of rousing this sleeping giant he has been aided by some gentle prodding by members on this side of the house and also by a most emphatic recommendation from the veterans' assistance commission, which will be found at page 69 of their report, as follows:

Unfit Veterans

That the War Veterans' Allowance Act be amended by removal of "age 55 years," where it refers to the granting of an allowance because of disability, preaging and general unfitness;

And further:

That the act be amended so as to permit a more liberal interpretation of legislation covering the granting of the allowance at any age to a veteran who saw service in a theatre of actual war and who, because of his unfit condition, or other handicaps, is unable to maintain himself.

As the house will see, that was a most emphatic recommendation; but I am afraid, from what the minister said the other day, that this sleeping giant rolled over and went to sleep again before the minister was able to get him to do anything about the 10,000 unemployed veterans who served in a theatre of war and who are fit. It appeared from the minister's remarks that nothing was to be done about these 10,000 fit veterans.

If it is intended to cover all the 5,100 odd wholly or partly unfit veterans, then probably everyone in the house will agree with the principle of this bill, and the minister himself, speaking the other day, said that such was the case. His remarks will be found at page 1041 of Hansard where he is reported as follows:

All those who are partially fit or unfit will be looked after under the provisions of this legislation.

If that is the intention of the government, we can all approve of the bill; but there are one or two reservations I should like to make. In the first place, it seems to me that in the new section 4 an element of permanency is introduced. As the minister knows, our amendment in 1936 provided that veterans of a certain class need only be temporarily incapable of maintaining themselves; they did not have to be permanently disabled. In this section, however, we find the words, "and unlikely to become capable of maintaining himself," which I am afraid may be interpreted as adding a feature of permanency, which would mean that a veteran must be permanently disabled. As against that, the veterans' assistance commission have recommended that the men be given every incentive to get work and to reestablish themselves and get off the allowance. I suggest that the section should be amended to make it quite clear that the veteran, in order to get the

allowance, need not be permanently disabled. Further the resolution which was passed the other day and on which this bill is based did not mention anything of that kind but simply referred to those "incapable of maintaining themselves," although the minister himself, speaking in reference to these men, said that they should be men who would not likely again become self-supporting. In my opinion it would be unwise to restrict this new classification in that way.

Another feature of the bill which should be looked into carefully is the provision that if the recipient is drawing old age pension he cannot get the war veteran's allowance. The minister may be quite right in his amendment on this point, but I hope the effect will not be to enable the government or the war veterans' allowance board to force veterans onto the old age pension. After all, they prefer to get the war veterans' allowance. The benefits under the War Veterans' Allowance Act are greater than benefits under the Old Age Pensions Act: for example, a veteran's widow can get an allowance for a year after the veteran's death under the War Veterans' Allowance Act, but that is not the case under the Old Age Pensions Act; then under the War Veterans' Allowance Act the soldier may have a home of a value of $2,000 without its being taken into consideration in setting his allowance, which also is not the case under the Old Age Pensions Act, and there are several other respects in which it is of much more benefit to come under the War Veterans' Allowance Act than under the Old Age Pensions Act. This particular section of the bill dealing with the Old Age Pensions Act should be carefully considered.

Then I have a new suggestion to make in regard to the War Veterans' Allowance Act. We have now had experience for several years in the administration of the act, and there are many instances in which recipients of a war veteran's allowance are unable to get medical treatment. These men are indigents; they have no money to go to a doctor or a hospital or to get dental treatment. I suggest that it would be wise if the government at this time took steps to provide for giving some hospitalization and medical and dental treatment to recipients of the war veterans' allowance. It might mean that if a man were treated he could go out and earn his own living and go off the allowance, whereas at present he probably cannot get treatment at all unless he gets it from the city authorities, and in many instances gets worse and worse and has no chance whatever of getting off the allowance.

I think the same thing applies to pensioners. Our pension law at the present time requires proof of pensionable disability. We have seventy or eighty thousand soldiers who have suffered gunshot wounds but are not drawing pension at all; many of them have never applied for pension; yet if they have trouble with their wounds they cannot get treatment unless they can prove that they are suffering from a pensionable disability, which means that they must put all the expensive pension machinery to work to prove entitlement to a pension, whereas all they really want is treatment. I think the time has come when the government of Canada should give serious consideration to this whole question of medical and dental treatment, and hospitalization. In that connection I would refer again to the report of the commission, a significant finding. At page 35 they say:

> We were much impressed on the occasion of our public sittings to see the evidences of ill health in a group of men who were the finest physical specimens in the country when they enlisted. It is of course difficult to measure good health or ill health by a casual inspection. There is one test of ill health, however, that is observable. The teeth of the veterans whom we saw were in a deplorable condition. How good health could possibly be retained with such poor teeth is difficult to understand.
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> It was perfectly obvious to us without being told—though we were told it on many occasions—that these veterans could not afford the dental treatment they needed. Certainly they could not afford the new sets of teeth that were dictated in most instances. Yet it was equally obvious to us that the country could not afford the physical deterioration resulting from these bad teeth.

I throw out that suggestion to the minister, that he give serious consideration to the question of treatment.

Another feature of this bill is that while it covers some of the South African veterans, it does not, as I understand, cover any Canadians who were domiciled in Canada before the South African war and who went to England and enlisted with the imperial forces there, nor does it cover soldiers who came to Canada for the first time after the South African war, although they may have been domiciled here since 1903 or 1904; the bill merely covers Canadians who served in a Canadian contingent in the South African war.

This bill will place on the war veterans' allowance board serious responsibilities. At present they have a very wide discretion; but by the bill they will be given even wider discretion, which means that their task will be much more difficult. In fairness to them I should like to say that in my short experience in public life I have never come across a board or a governmental authority which has

received so much favourable comment. On every side one hears that this board, under Mr. Walter S. Woods and his associates, is doing splendid work. I should like here to pay tribute to the members for that work; they are rendering splendid service to this country, and I believe they may be relied upon to exercise in a satisfactory manner the increased discretion given them in this bill.

Mr. A. W. NEILL (Comox-Alberni): Some of the remarks of the hon. member who has just sat down (Mr. Green) would perhaps have been more applicable in the discussion in committee. But since he has introduced them and as it is nearly six o'clock, may I add a word which perhaps the minister will consider during recess. Subsection 3 of section 4 reads:

> An allowance shall not be awarded or continued under this act to a veteran or a recipient while such veteran or recipient is in receipt of an old age pension. . . .

The point I would like to make is this: A war veteran if married is entitled to $40 a month; but an old age pension is limited to $20, unless the man's wife also has an old age pension, and it would be unfair, as the hon. member suggested, if the attitude were adopted of compelling them on reaching the age of seventy to go under the Old Age Pensions Act, in which case their pension would be dropped from $40 to $20 a month.

There is one other point I should like to mention. It is not in criticism, but I should like the minister to confirm the apparent meaning of this section. I remember some years ago when a somewhat similar bill was up, dealing, I think, with the soldier settlers; there appeared to me to be some ambiguity in the language, and I asked the minister, with his deputy before him, whether the words in the bill meant so and so, which appeared to be the favourable interpretation. The minister assured me most emphatically that it was so. Six months later when I tried to see that the act was enforced in that way, that same deputy assured me that he was under no obligation whatever to pay any attention to anything the minister had said in the house, that he was guided solely by the legal meaning, and he entirely repudiated the meaning which the minister had positively given in the house. It may be my suspicious nature, but I am not quite clear whether the language used in paragraph (c) of section 4 is definite enough. It says that they will give this award to those who are:

> . . . incapable and unlikely to become capable of maintaining himself because of economic handicaps combined with physical or mental disability or insufficiency.

[Mr. Green.]

The old section read:

> . . . permanently unemployable by reason of physical or mental disability.

We always run up against this case; we would say to the board: "This man is incapable and permanently unemployable." They would say: "No, he is not; he could run an elevator." Perhaps the man was a logger or something. They would say: "Oh, well; this man could do something; he could flag a train at a railway crossing." They could always see some possible situation in which a man, unless absolutely bedridden, could do something, disregarding the fact that a logger could not become a bank clerk or something of that kind, and elevator jobs are very few. And we wanted the term introduced—I think it was introduced later—"economic disability"; but still it is a little vague. I should like the minister, if he could, to assure us after eight o'clock that that provision, "economic handicaps combined with physical or mental disability," will positively mean what it appears to mean, and we shall not have to prove that a man is almost bedridden before we can get him this award; otherwise very little benefit will result over the old act. The words, "economic handicaps combined with physical or mental disability," might compel the man to prove he was practically bedridden.

Mr. POWER: He could be a member of parliament.

Mr. F. C. BETTS (London): May I point out to the minister that in making the two appointments to the board he has undertaken a grave responsibility. These are important positions, carrying salaries of $6,000, and I have heard it suggested that the appointments should be made by the civil service commission. I do not urge that, but I would emphasize the extreme importance of maintaining in this board the same humane disposition in dealing with cases coming before it that has been manifested in the past. Needless to say, the men to be appointed will have to be capable, and will have to possess qualities of the head. But it is essential that they have, too, qualities of the heart, because particularly in dealing with returned soldiers' legislation a great deal depends upon the administration of the act.

There have been items of war veteran legislation, the utility of which have been entirely destroyed by a too technical administration and interpretation of certain provisions. I hope when appointing two new members to the board the minister will dismiss from his mind all political considerations, and install men who will make their first consideration

the welfare of the veteran. Most emphatically, the appointees should be returned men, men who have had a reasonable amount of service in the line. This is not a job for staff officers, unless they have had considerable regimental duty as well. There is no man so well qualified to deal with the veteran as one who has shared his hardships and his problems.

May I remind the minister of something he knows very well: the veteran will stand discomfort and hardship, privation and danger quite cheerfully, but he will not put up with what he describes as being chevied about. Under that heading fall all sorts of technical refinements, that disposition to introduce a mass of precedents in dealing with returned soldier legislation, which has been regrettably present in the attitude of certain other boards and commissions dealing with returned soldier legislation but not, I repeat, in connection with the war veterans' allowance board.

I should like to have seen in this legislation some provisions entitling those who draw the allowance, but who are not in receipt of a pension, to treatment and hospitalization in departmental hospitals. Perhaps that is something which may come later on in the session. I should like to see a provision for the payment of transportation costs of applicants to the nearest points at which they can be examined. As to the general purpose of the bill, may I quote from the minister's remarks in the debate on the resolution. At page 1039 of Hansard he is reported as follows:

> It may be said that in passing this legislation we shall be fulfilling to the utmost the requests of the returned soldiers themselves as expressed through the dominion convention of the Canadian legion held in Fort William early in February when a resolution was passed on the subject of cash bonus to veterans of the great war. The resolution reads in part:
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> "That this convention endorse the resolution, passed by the dominion executive council to the effect that it is unalterably opposed to the principle of any bonus for service in the great war, conceiving it to be the responsibility of the government of Canada to adequately provide only for those disabled as a result of war service and dependents and dependents of the fallen and to ensure adequate assistance for those who saw service in a theatre of actual war and who are now by reason of economic conditions combined with their disability, tangible and intangible, resulting from war service, unable through no fault of their own to secure employment."

I am not going to discuss the matter fully, because I believe my remarks might be more appropriate in committee under section 4 of the bill. May I go on record now, however, as submitting that as it now stands section 4 will have to be drastically revised if the intention of the resolution passed by the legion convention is to be carried out. At present I shall not go farther than that.

I should like to add my words of congratulation to what has been said, subject to a revision of section 4, which would bring the measure entirely in line with the minister's remarks I have just quoted.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, because I welcome this bill I do not propose at this stage to speak at length upon it or to indulge in any carping criticism. I believe the measure will receive general commendation. I speak at this time rather because I fear that certain restrictive provisions in the bill may tend to impair its general usefulness. I desire to give the minister full credit for his intentions with regard to this measure, but I believe it is only proper to point out that the parliamentary inquiry of 1936 proved conclusively the necessity for such a measure. I think we should not overlook the fact that the two years' delay in caring for a certain category of veteran has meant growing misery and harrowing insecurity for the men in this category.

I am at a loss to understand why we should always have to wait until conditions become most acute before remedial legislation is introduced. I feel sure that such a policy will result in additional cost to the country as well as increased suffering and misery for those affected. If we review the history of legislation dealing with ex-service men, I think we shall find that the rather grudging attitude taken toward legislation of this kind has increased the ultimate cost. We should keep this experience in mind as we try to bring legislation of this sort to its final stage. I am particularly anxious, if we accept responsibility for the category of ex-service men as defined in this bill, that we should make certain that the responsibility is adequately and justly discharged. As I say, I have a definite fear that certain restrictions in the bill may detract from the reception it will receive from ex-service men in general.

I should like to refer particularly to the sections of the bill dealing with those who served in the South African war. As has been pointed out by preceding speakers, the benefits are limited to those who served in the Canadian contingents. I am bound to bring to the attention of the house the large number of

men who served in the imperial units during the South African war and who very shortly after their periods of service established domiciles in Canada and have been residents of Canada continuously since that time. They have become closely identified with our national life and our national enterprises, and it seems unfair to discriminate against them in a measure of this kind. I should like to direct attention to this additional fact, that a large percentage of those who served in imperial units during the South African war enlisted for service in the great war of 1914-1918.

Mr. SPEAKER: I do not think the hon. member is in order when he discusses different clauses of the bill on the second reading. He should discuss the principle of the bill at this time and discuss the different clauses when the bill is in committee.

Mr. MacNEIL: I shall abide by your admonition and endeavour to speak to the general principles incorporated in the bill. It seems to me that one of the principles in the bill is restricted by certain clauses in the bill, and I shall have several suggestions to make in this connection when the bill is in committee stage. As I say, it seems to me to be unfortunate that the restrictions mentioned should suggest some discrimination and therefore detract from the general usefulness of the bill.

There is incorporated in section 3 of the bill a definite principle which I think should be discussed on the second reading. This section provides the kernel of the measure as it creates a new classification of veteran who will benefit under this bill, but I fear that that which is given by one section may be taken away by another. This section provides that allowances under the act shall be paid to those who are incapable or who are unlikely to become capable of maintaining themselves, but in the succeeding sections are to be found certain restrictions with regard to that benefit. The suggestion is conveyed to me at least that definite benefits are provided for in one section and then those benefits are restricted by succeeding sections.

I assume that some attempt will be made to determine a man's eligibility for benefit under this act and that the factor of physical or mental disability will be considered along with any economic handicaps which may exist. It seems to me that the economic handicap feature is completely nullified by the succeeding sections. When the bill reaches committee stage I hope that the minister will take action to remove what appears to be an apparent contradiction. It is important that we should realize that the average age of ex-service men, according to the findings of the veterans' assistance commission, is now forty-nine years. A man who is forty-nine years of age is unwanted in Canadian industry to-day. This is proven by general experience. Such an age is a definite economic handicap and when combined with some physical or mental disability, it means the denial of access to employment under conditions as they obtain to-day. I suggest that this contradiction should be ironed out when the bill is in committee stage.

Like the preceding speaker, I think it is important that we should consider provision for medical treatment in conjunction with this bill. It would seem to me to be definitely in the public interest that prospective applicants for war veterans' allowances should be given access to medical treatment when it seems necessary. It seems unwise to deny medical treatment to an ex-service man who may be suffering from a tangible or an intangible disability as a result of service when such treatment may return him to a condition where he would be enabled to present himself for employment in the labour market.

I hope the minister's remarks on the resolution preceding this bill are not to be taken as suggesting that in dealing with this measure the house will be dealing with the entire problem opened up by the final report of the veterans' assistance commission. There was a hint of that in the remarks of the minister to be found on page 1040 of Hansard of March 4, when he said:

> To some extent I am dealing with the provisional economic allowance. The commission recommended, in one part at least, that a great many of these men—five thousand of them who are going to be covered by the war veterans' allowance—should receive a provisional economic allowance amounting to $18.75 per month for single men and $30 for married men.

I want to point out that the commission made specific recommendations with regard to this War Veterans' Allowance Act and proposed that that should deal with 5,000 men. It was suggested that the provisional economic allowance would take care of the remaining 10,000 of the total of 15,000 graded as having served in an actual theatre of war and being found partly or wholly unfit for employment. This measure as far as it goes is excellent as it will provide considerable relief to a class of veterans who have been suffering in recent years; nevertheless it does not dispose entirely of the problem. We shall take occasion at a later time to discuss that matter.

I bring it up now in order to make it clear that this bill does not cover the whole problem as raised by the final report of the commission.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Johnston (Lake Centre) in the chair.

On section 1—"The South African war."

Sir EUGENE FISET: As section 1 deals with the South African veterans I should like, in the name of my old comrades, to convey to the hon. minister (Mr. Power) my sincere and grateful thanks for bringing the South African veterans under the provisions of this bill. I never had any doubt, knowing the minister as I do, that he was one day bound to accede to our requests, and I can assure him, if I can judge from the numerous letters I have been receiving since the introduction of this bill, that his name, perhaps for the first time in his life, is going to be blessed from one end of the country to the other.

Mr. GREEN: Will the minister explain just what class of veterans who served in South Africa will be covered by this section?

Mr. POWER: As is well known to hon. members, the War Veterans' Allowance Act heretofore restricted the veterans' allowance to those who served in the great war. This section extends the act to veterans who served in the Canadian contingents in South Africa during the hostilities commencing on October 11, 1899, and ending on May 31, 1902. Representations were made before the parliamentary committee of 1936, and again during the last session of parliament, among others by the right hon. leader of the opposition (Mr. Bennett). I told him at that time that there might be certain difficulties, but that I would go into the matter thoroughly in an endeavour to bring these men under the provisions of the War Veterans' Allowance Act.

As has already been suggested, a goodly percentage of these Canadians who served in the South African war served also in the great war, so they would in any case be eligible under the provisions of the War Veterans' Allowance Act. As to the exact number, we had some discussion about that last year.

Mr. BENNETT: That is just what I was about to ask the minister.

Mr. POWER: I am able to say this: There were 7,366 veterans who left Canada in the Canadian contingents for South Africa. Only 5,325 of these saw service on land during the campaign, the rest having arrived subsequently to the cessation of hostilities and many of them never landing in South Africa at all. After deducting mortality from this 5,325, we estimate those now living to number approximately 3,500, and it is believed that at least half of these saw service also in the great war—this, of course, is only an estimate—and would therefore have entitlement under the act as at present. That would leave 1,750, of whom it is doubted if more than ten per cent are indigent and unprovided for, so that the total to be looked after by this amendment would not be more than 200 to 250. The expenditure is estimated to be from $30,000 to $35,000.

Mr. MacNICOL: I should like to ask the minister in reference to a case I know of, that of a Canadian-born who served in the South African war and went with the corps to the relief of Mafeking, where Baden-Powell was besieged. This man came to see me a few days ago, and in the course of conversation told me his story. I am not sure that I can relate it with an absolutely clear understanding of all he said, but I understood him to say that after he reached South Africa he was transferred—he was in "C" battery—to Rhodesia. I assume he was transferred to some imperial corps. Would that soldier be qualified under this amendment? After he came back he studied for a doctor, and then went west to practise. He is now over sixty years of age, and has been back in Toronto for many years and is destitute. I was wondering if his being present at the relief of Mafeking would make him eligible for the war veterans' allowance.

Mr. POWER: If he enlisted in the Canadian unit, I do not think there is any doubt that he would be eligible.

Mr. MacNICOL: Thank you.

Mr. STREIGHT: I think I can explain that to the hon. member for Davenport (Mr. MacNicol). After the siege of Mafeking Rhodesia borrowed some artillery from the imperials, they took "C" battery from the Canadian forces, and those men went and served in protecting the border around Rhodesia, but they were still under Canadian pay and allowances.

Mr. MacNICOL: May I ask the minister what allowance he would receive?

Mr. POWER: Up to a maximum of twenty dollars a month if unmarried, and forty dollars if married, provided he is eligible under the other sections of the act.

Mr. STIRLING: I should like to draw the attention of the minister to the phrase, "theatre of actual war" and the interpretation placed upon it.

Mr. POWER: In connection with South Africa?

Mr. STIRLING: It appears in the explanation in connection with the bill. The case I desire to draw to the minister's attention has to do with the great war, but the same phrase is used with regard to the South African veteran. The War Veterans' Allowance Act sets out quite clearly what "theatre of war" was intended to mean, but as soon as the board undertook the administration of this act it was necessary to have a closer definition of what "theatre of war" meant with regard to the act. What I say is in no sense a criticism of the board. Rather would I associate myself with the well-chosen words of the hon. member for Vancouver South (Mr. Green) this afternoon in appreciation of the work that the board has done. Cases have arisen, not many in number, which do not seem to me to be receiving the intent of parliament—shall I put it in that way? The particular case I drew to the board's attention was that of a man who was on the strength of the military police at Folkestone. He was sent over to France in 1917, to carry out certain duties entrusted to him with regard to the election. I am told that others who were sent on similar duties actually were killed.

Mr. POWER: Some of us think they should have been.

Mr. STIRLING: Possibly, but I was not for a moment looking at the matter from a partisan point of view. There seems little doubt that the car this particular man used was demolished by a direct hit. True, he was not in it. He has now come to a physical and financial disability, and his age is such that there is no question, I think, of his being eligible but for the fact that he does not come within the definition laid down by the Department of Justice. That definition is that to come within the category of those who served in a theatre of actual war a man must have been on the strength of a unit that was so serving. I was present in the house when this statute was passed, and it does not seem to me that that case is receiving what parliament intended such cases to receive.

I am told there are one or two other cases, not many in number I believe. There was one of a man sent over on conducting duties, and another of a man sent over on post office duties, and he was actually wounded, but he does not receive the benefits of the War Veterans' Allowance Act. I would draw the attention of the minister to these cases rather with the request that he should see whether, if they are not numerous—and I understand that they are not—they could not be brought within the meaning of the act.

Mr. POWER: I am familiar with the cases submitted by my hon. friend. The particular case he mentions is one of those borderline cases that are very difficult to deal with, very much like the case of the conducting officer. There may be some discussion between us as to whether the man was actually serving at the front when he was engaged in the work of a political campaign—

Mr. STIRLING: He was carrying out the duties he was sent there to perform.

Mr. POWER: I assume he was employed by the government, and not by a political party. I take that for granted.

Mr. STIRLING: I assume that.

Mr. POWER: I take that for granted. In any case the whole question turns on the interpretation of the term, "service in a theatre of actual war." As my hon. friend has pointed out, the fact is that the Department of Justice has ruled that conducting officers could not properly speaking be said to have served in a theatre of actual war, and for that reason it ruled that they were not eligible under the provisions of the War Veterans' Allowance Act. I do not know that anything can be done about the matter. I would hesitate to propose an amendment which would still further enlarge this definition of service; it might allow eligibility to a very large number of persons for whom it was never intended that there should be provision in legislation such as this. After all, it must not be forgotten that these men were not wounded in the discharge of their military duties. People coming under this act are those whose disability cannot be attributed to their war service. They did not necessarily suffer injury or disability at the front; their disabilities are post war or such as may be assumed to be due to the war, owing to the strain and hardships which they underwent. It is perhaps difficult to imagine that a man whose duty was purely a civilian one such as that of a returning officer in an election would be put to any strain or hardship comparable with that of those who saw actual service in the trenches. However, I have no objection to giving consideration to the case submitted by my hon. friend.

Mr. MacNEIL: Would the minister give consideration to those who served in the South African campaign as members of imperial units and who established domicile in Canada almost immediately after the close of the campaign? The reason I ask consideration of such cases is that a very large number of these men enlisted in the Canadian expeditionary force during the war; they were in some degree the back-bone of the instructors required; many of them, through no fault of their own, did not see service beyond England or Canada, and therefore, unless in receipt of a pension, are not eligible for the benefits of this act. As I endeavoured to point out before until I was reproved, if they have established twenty years' residence in Canada and are now over sixty years of age and in destitute circumstances, I see no reason why they should not be taken care of under this act, particularly as they no longer can establish even a remote claim in respect of the imperial government. They have been closely identified with our national life all this time, and I think it would be quite proper that they should be given consideration, particularly as many of them served in the Canadian expeditionary force and did valuable work and, because of the very fact that they gave such valuable service, were not allowed to proceed to France and are therefore excluded from the benefits of this legislation. I ask the minister if he has given consideration to their case.

Mr. POWER: I have.

Mr. GREEN: As it stands at present, the War Veterans' Allowance Act provides for an allowance being paid to a person domiciled in Canada at the time of the great war even though he served in the imperial forces; but as I understand this proposed amendment to cover South African veterans, a Canadian domiciled in Canada before the South African war who went to England and served with the imperial forces would not be eligible.

Sir. EUGENE FISET: Is the hon. member aware of the fact that every single Canadian who went to South Africa became an imperial soldier when he arrived there? We were all on the same footing. The imperial government provided for all gratuities as well as pensions. The Canadian government had nothing whatever to do with the matter.

Mr. GREEN: Yes, I believe the imperial government provided the pay of the soldiers and defrayed all expenses. But that is not the question I am asking. I think we should cover the case of Canadians who went to England and enlisted with an imperial unit. This amendment covers only those who served in a Canadian contingent.

Mr. POWER: I doubt very much if there are very many of those, and I hesitate to recommend to the committee at the present time that we pass legislation with respect to them. If it is found that there is any hardship with respect to Canadians domiciled in Canada who went to the old country to enlist during the South African war, perhaps those cases can be dealt with later, but I would not like to enlarge the act at present to do so.

Mr. BENNETT: Is the statute broad enough as it now stands to deal with this last number of cases—those domiciled in Canada who went to Britain?

Mr. POWER: No.

Mr. BENNETT: It is not broad enough?

Mr. POWER: I do not think so. It says, "any former member of a Canadian contingent" who served in the South African war.

Mr. GREEN: Could that not be clarified so that it would also include those who were domiciled in Canada but enlisted in an imperial unit?

Mr. POWER: I do not think that would apply to more than a very few officers, who are not likely to require such a provision.

Mr. BENNETT: There are some privates.

Mr. POWER: The only cases I have in mind are some of which I have personal knowledge, men who went over in cattle boats or on transports and afterwards joined some unit or another. A great many, I believe, joined Lord Roberts' Horse or some of the independent or so-called irregular units. If there is any real demand, I do not think there would be any difficulty about making provision later, but I should not like to change the act now.

Mr. BENNETT: But there will be difficulty in the next year. The thing cannot be done except by parliament. The only suggestion I have—and perhaps the minister would consider it—is whether we might not say, "in the case of domiciled Canadians" serving in the South African war, instead of "members of a Canadian contingent." I do not know whether the minister thinks that is going too far or not. That is in subsection 3 of section 2. I just put it to the minister.

Mr. POWER: I have no objection at all to giving the matter consideration although the numbers are so few that it is really hardly

worth while bothering about. At the same time, as my hon. friend says, if there be only one, perhaps it is worth doing it to rescue him from destitution.

Mr. BENNETT: It would be, in view of the nature of this legislation.

Mr. POWER: If the committee would be willing to let that subsection stand, I would have no objection.

Mr. BENNETT: Why not let the section stand, if one paragraph is to stand?

Mr. POWER: Yes; let the whole section stand.

Section stands.

On section 2—War Veterans' Allowance Board.

Mr. POWER: I suggest the following amendment:

That subsection 5 of section 3 of the act as enacted by chapter 48 of the statutes of 1936 be amended by adding after the word "subsection" in the fourth line of the original bill the words "or from the date of his appointment to the board."

Subsection 5 of section 3 reads as follows:

Any member of the board who, prior to or at the time of his appointment, was or is employed in the public service of Canada, shall be eligible upon application within three months from the date of the coming into force of this subsection, to become a contributor under the Civil Service Superannuation Act. . . .

That referred to the coming into force of that subsection, which was in 1936. Should it so happen that any member of the civil service of Canada was appointed as a member of this board, he would not be eligible to elect to become a contributor unless we added the words which I now propose, "or from the date of his appointment to the board."

Mr. GREEN: Is it intended that there shall be two boards sitting? Provision is being made for five members. How is the work to be divided among them?

Mr. POWER: The act requires quorums of two and two signatures for each decision. It might be that, if there were a rush of work, two quorums could sit.

Mr. GREEN: It is not intended to provide for a full board of five in every case?

Mr. POWER: No.

Mr. STIRLING: Will they always sit in Ottawa?

Mr. POWER: Up to the present it has been found more advisable, almost necessary, for them to sit here.

[Mr. Power.]

Mr. DUNNING: I move:

2. (1) (a) Subsection five of section three of the said act, as enacted by chapter 48 of the Statutes of 1936, is amended by adding after the word "subsection" in the fourth line thereof, the words—

"or from the date of his appointment to the board."

Amendment agreed to.

Mr. POWER: There is another amendment I wish to propose. It is not in the printed bill. It reads:

2. (3) Section 3 (a) of the said act as enacted by chapter 48 of the Statutes of 1936, is repealed, and the following substituted therefor—

"Subject to the provisions of this act, the board shall have full and unrestricted power and authority and exclusive jurisdiction to deal with and adjudicate upon all matters and questions relating to the award, increase, decrease, suspension or cancellation of any allowance under this act and to the recovery of any overpayment which may have been made: and effect shall be given by the department and the comptroller of the treasury to the decisions of the board."

This is similar to a provision in the Pension Act passed by this house in 1936. The purpose is to make it quite clear that this board is entirely free from any influence or intervention on the part of any person.

Mr. BENNETT: It has sole jurisdiction in the premises.

Mr. POWER: Yes. There was a similar section which I am now asking the committee to repeal in favour of this because I want to make it as strong as the provision in the Pension Act.

Mr. DUNNING: I move the amendment.

Amendment agreed to.

Section as amended agreed to.

On section 3—Veterans to whom allowances payable.

Mr. BETTS: This is the section about which I was speaking before dinner. It will be remembered that in the old section there were defined three classes of veterans who became eligible for allowances under the act. First of all, there were those who at the date of the proposed commencement of the allowance had attained the age of sixty. That was one class. Then there was another class who, in the opinion of the board, were permanently unemployable by reason of physical or mental disability. That was the second class. There was also a third class, who having served in a theatre of actual war had attained the age of fifty-five and were, in the opinion of the board, incapable of maintaining themselves

because of disability, pre-aging, or general unfitness. My understanding of the intention of the legion convention at Fort William and of the resolution passed on that occasion, and also of what the minister intended to convey in his remarks on the resolution introducing this bill, was that the first two classes would be maintained as they now exist; and by the present section 3 that is done. The only difficulty or uncertainty or unsatisfactory condition I see is as to the third class. As I say, my impression of what was understood at Fort William was that the third class would be preserved very much as it existed except for the fact that the age limit of fifty-five would be swept away; in other words, those who were eligible only if they were fifty-five years of age would now be eligible irrespective of their age. I doubt whether the present section 4 which is being substituted for the old section 4 has that effect. I would refer to paragraph (c). In attempting to define this third class, section 4 provides:

> Subject as hereinafter provided allowances under this act shall be payable with the approval of the board to any veteran who has been domiciled in Canada for the six months immediately preceding the date of the proposed commencement of the allowance, and who—

Then it defines classes one and two. Then in paragraph (c) it deals with the class I have described as the third; that is to say, it describes them as those who do not qualify by age or disability under the two preceding paragraphs, but having served in a theatre of actual war are, in the opinion of the board, incapable and unlikely to become capable of maintaining themselves because of economic handicaps combined with physical or mental disability or insufficiency.

The point I would make is that in the old definition no regard was had to the question whether the applicant was likely to become capable of maintaining himself. The sole question for determination was whether he was or was not capable of maintaining himself. Those words, "unlikely to become capable of maintaining himself," introduce a restrictive feature which was not heralded in the remarks the minister made on the resolution, and was not the understanding of the convention at Fort William. I suggest that the intention of all parties in the house would be carried out if the words, "and unlikely to become capable," were omitted.

Then I am very much afraid that subsection 2 clips the wings of the board almost entirely in dealing with the third class to which I have reference. Subsection 2 now reads:

> The provisions of paragraph (c) of subsection 1—

And paragraph (c) of subsection 1 is the paragraph which would let in this third class.

> —shall not be construed to apply to any veteran who is, in the opinion of the board, physically and mentally capable of maintaining himself if work were available.

My submission is that many of these burnt-out veterans for whom this legislation is designed, while not capable of performing a hard day's work, a full day's work, and for that reason unable to compete successfully in the labour market, are nevertheless capable of maintaining themselves if work of a certain kind is available. For instance, many of them could maintain themselves as elevator operators, night watchmen, caretakers, timekeepers, if such work were available. But of course there are very few such jobs available. It seems to me that by that subsection we are not only making it possible for the board to refuse allowances to men in that category but actually tying the hands of the board, preventing the board from giving relief in many cases in which relief should be given. It seems to me that the board will have to ask itself, if work were available, Could this man maintain himself? As I say, a man might be capable of maintaining himself as an elevator operator or caretaker or in some other form of sheltered employment if it were available. If the board decided that he was fitted for that type of work, it seems to me that they would be compelled to refuse him the allowance.

I should also like to hear from the minister as to subsection 3, which provides that an allowance shall not be awarded or continued to a veteran while such veteran is in receipt of an old age pension. That comes as somewhat of a surprise. I do not think there was any mention at Fort William of a provision of that sort, and I do not think legislation containing such a provision can be said to fulfil to the utmost the requests of the returned soldiers themselves as expressed through the dominion convention of the Canadian Legion held at Fort William. I am hoping that the minister will be able to dispense with that provision.

Mr. GREEN: In endorsing the remarks of the hon. member for London (Mr. Betts), I would point out that when the special committee on returned soldiers' problems considered this paragraph so carefully two years ago, we expressly distinguished between veterans permanently unemployable and temporarily unemployable, the idea being that a man of fifty-five to sixty need not show that he was permanently unemployable. I suggest that the intention is to give the board very

wide discretion, and that these words, "unlikely to become capable," in paragraph (c) should be cut out, and subsection 2 be cut out also. There will be then no question at all of the powers of the board, and we need have no fear that the act will not be fairly administered.

Mr. MacNEIL: Will the minister be good enough to outline how the board would proceed to determine eligibility under paragraph (c) of subsection 1? How would he define "economic handicaps"?

Mr. POWER: Possibly a man who has not had a job for four or five years and could not get one; that would perhaps be an economic handicap. I do not like attempting to define these things. The trouble with most of our pension legislation has been that we have defined either too much or too little. If we define too much we sometimes let in a large class of people who are not entitled at all. If we restrict the powers of the boards or commission and do not allow them the widest possible discretion, many hardships are incurred.

It has nothing to do with this, but by way of digression may I say that if at the inception of this pension legislation we had appointed a board, such as the veterans' allowance board, and given them the widest possible discretion in the awarding of pensions, I think we would not have got into all the snarls that we have since been in with respect to pension legislation. Every time we introduce legislation which specifies distinctly a class or classes we get into trouble, either by excluding someone or by including too many. The officers of the department and myself have given a great deal of thought to the phraseology of this section for the past four or five months, we have written and rewritten it not once but many times, and this is the best we can submit to the committee. I have no objection whatever to any hon. member trying his hand at drafting, and if he can make a better job I am quite willing to adopt it. It must be borne in mind, however, that this is not a relief measure, it is not intended to give relief to people who are only temporarily out of employment. That is a municipal and provincial matter. There would be no proper way for this department to administer an act which provided that a man would get the allowance for a short period of time merely because he is out of work. This is intended to deal with people who are burnt-out, and we have purposely made it as broad as possible, leaving the fullest possible discretion to the members of the board.

[Mr. Green.]

Mr. NEILL: Would the minister consider inserting the word "fully" before the words "physically and mentally capable," so that it would read, "who is, in the opinion of the board, fully physically and mentally capable"?

Mr. POWER: In the first place I think it would not be good English, although I have not much regard for literature in making legislation. But I do not think it would help. If he is physically and mentally capable, I suggest he is fully physically and mentally capable.

Mr. NEILL: No; he might be physically and mentally capable of running an elevator, but not of doing heavy manual work.

Mr. POWER: I do not think the word "fully" should go in there.

Mr. CLARK (York-Sunbury): Does the expression, "theatre of actual war," in paragraph (c) include England?

Mr. POWER: No.

Mr. CLARK (York-Sunbury): Or the ocean?

Mr. POWER: No. In the act "theatre of actual war" in the naval force is described in this way:

> In the case of the naval forces, the high seas or wherever contact has been made with hostile forces of the enemy, or wherever the veteran has sustained injury or contracted disease directly by a hostile act of the enemy.

Mr. MUTCH: What about the Royal Canadian Air Force? Is not England an "actual theatre" for them?

Mr. POWER: We can determine from the War Office whether it is or not, according to the nature of their service. The War Office has laid down certain regulations.

Mr. MUTCH: I know there were men on the North Sea patrol who were stationed all the time on the island.

Mr. POWER: Yes, quite true.

Mr. BETTS: Was much difficulty experienced by the board in complying with and construing the definition in the former act? I refer to the definition which reads:

> —in the opinion of the board, incapable of maintaining himself because of disability, preaging and general unfitness, and in either case is—

And so on.

Mr. POWER: Perhaps I am not quite clear, but do I understand the hon. member to suggest that we should use the phraseology of the former act, and leave out only the

words "fifty-five"? Does he believe the phraseology of the former act is preferable to the suggested phraseology?

Mr. BETTS: I have not expressed an opinion.

Mr. POWER: I am asking, purely for the sake of information, and to gain assistance.

Mr. BETTS: If that is as far as the minister will go, I would say that that definition would, in my opinion, be preferable to the one now suggested. But the suggestion I make is that the words, "unlikely to become capable," be dropped. At the risk of repeating myself, I would say my objection to the section as it now stands is that in the former definition no attention was paid to what was going to become of the veteran in the future. That was not a matter which came under consideration by the board at all. The question for determination was: Is he capable now of maintaining himself? By introducing the words, "unlikely to become capable," I suggest we are narrowing the clause.

Mr. POWER: I am not prepared to agree that we are narrowing the clause by the language used in the amendment. But perhaps this might appeal to the committee: In the case of a man who has just suffered a broken leg, I do not think it is the intention of the committee—certainly it is not the intention of the board—that he shall be eligible under the act. There must be some kind of permanency, and the word "likely" does not bar him. Surely the board has the right to use its discretion as to whether he is likely. Perhaps that is not a good word; it may not be a proper expression, but certainly it means probability. I think all hon. members will agree that there should not be any intention of making a person eligible who has a mere temporary disability.

Mr. BENNETT: I have read the section carefully and have listened to the observations of the hon. member for London. It does seem to me that it divides itself into three classes, and the governing word in the third class is the word "combined." First, the veteran gets an allowance if he is sixty years of age. Second, if he is not sixty years of age, but in the opinion of the board is unemployable, permanently, because of physical and mental disability, he gets consideration. The third case refers to any age, but not qualifying for age or disability provided under the two preceding paragraphs. However he has served in a theatre of war, and in the opinion of the board is incapable or unlikely to become capable of maintaining himself, because of economic handicaps, combined with physical or mental disability or insufficiency. That certainly makes the physical or mental disability or insufficiency the governing factor, when linked with the other provisions of that subsection. I cannot see it any other way.

Mr. STIRLING: He has to have all those things.

Mr. BENNETT: Yes; as the section reads, apparently he has to have all those things. Is that the intention of the government?

Mr. POWER: It is intended to apply to a man with partial disability, but who, as well, has certain economic handicaps.

Mr. BENNETT: But it must be combined with physical or mental disability or insufficiency. The word "combined" would worry me.

Mr. POWER: He should really have the two; he should be incapable of obtaining work, owing to his physical or mental insufficiency.

Mr. BENNETT: Yes.

Mr. POWER: The economic handicap is his incapacity to obtain work owing to his physical or mental incapacity. The danger in making this section too broad would be that immediately it would be used by every veteran out of employment. It is not intended that that man should be covered. I am free to admit, as I have already done, that this is a most difficult clause to draft, and I would welcome assistance from anybody.

The only thing I can do is suggest to the committee that, in view of the manner in which the War Veterans' Allowance Act has been administered in the past, and in view particularly of the manner in which this particular section has been administered since 1936, it might take my present recommendation. Hon. members will recall that there were some doubts as to just what the language meant, and under what category veterans would come, in view of the language then proposed. But I am quite free to say that apart from what I might call the first rush of applications from people who had the idea, through newspaper reports, that every veteran over fifty-five years was eligible, the board has had no difficulty whatsoever in administering the section as it stood after the 1936 amendment. It is for that reason I am convinced that we must allow the widest possible discretion to the board, and it seems to me that we should not load on their shoulders the onus of having discretion in refusing people who quite clearly should not be entitled, owing to the fact

that, although they are out of employment, they are not suffering from other tangible or intangible disability. It is the best we can do, under the circumstances, by way of language.

Mr. BENNETT: How would the minister like this: "Does not qualify by age or disability under the two preceding paragraphs, but having served in a theatre of actual war, is, in the opinion of the board, suffering from such physical or mental disability or insufficiency as renders him incapable of maintaining himself."

Mr. POWER: That was the wording we had at one time, but I forget why we changed it. I need not tell the right hon. gentleman that the section was written and rewritten; many drafts were torn up. However, I have no objection to considering the suggested wording.

Mr. NEILL: There are three paragraphs in this section, but paragraph (c) is the only one which specifies that a man must have served in a theatre of war. Am I right in supposing that this stipulation does not apply to those coming under paragraph (a) and (b)?

Mr. BENNETT: The definition of "veteran" covers that.

Mr. POWER: The definition would cover that. The only man eligible under the War Veterans' Allowance Act is the man who served in a theatre of actual war, with the exception that if a man has obtained a pension, even though he served only in Canada, he would be eligible.

Mr. NEILL: Then, why put those words in the paragraph? They are superfluous and calculated to make one misunderstand it.

Mr. POWER: It is to cover the man who does not qualify by age or disability but who has served in a theatre of actual war. On that account, because of his service, he is entitled to come under the provisions of the act without having to be either permanently unemployable or sixty years of age.

Mr. NEILL: You have stated that "veteran" means a man who served in a theatre of war, and it seems to me superfluous to find it again in paragraph (c). It gives the impression that service in a theatre of war applies only to paragraph (c). If a veteran is defined in the act to mean a man who served in a theatre of war, what is the need of mentioning that service in paragraph (c)?

Mr. POWER: The principal thing was to make it clear to the soldiers themselves that only those who served in a theatre of war would be eligible.

[Mr. Power.]

Mr. NEILL: Why not put it in (a) and (b)?

Mr. POWER: That is well understood in connection with (a) and (b). I do not want there to be any doubt in the mind of anyone as to those benefiting having served in a theatre of actual war.

Mr. NEILL: That is just what I want to avoid and I suggest that it should be in (a) and (b). That will be the first question asked.

Mr. POWER: We cannot put it in (a) and (b) because some of those men may be pensioners.

Mr. GREEN: I think we are all agreed that what we are aiming at is to take care of the 5,100 odd veterans who served in a theatre of actual war, who are unemployed and are wholly or partly unfit.

Mr. POWER: Quite.

Mr. GREEN: Many of these men may be only forty or forty-five years of age, and it would obviously be unfair to insist that the board must find that such a man is unlikely to be capable of working again. We all hope the younger men in this group will be capable of working again. Surely the department is amply protected by the two provisions that an applicant must be suffering from economic handicaps—in other words, he must have been out of work for two or three years—and in addition must have a physical or mental disability or insufficiency. Surely those qualifying words are strict enough; they go a good deal further than the recommendations of the veterans' assistance commission.

Mr. POWER: There is nothing strict about the word at all. With the provisions as suggested by my hon. friend, a man who had an acute case of pneumonia would be qualified, and that is the man we do not want to qualify. There must be some degree of permanency about it. I think the committee will understand that we could not hope to administer this act with men going on and off as they obtained employment. This is legislation for the burnt-out veteran, and the implication is that those who qualify are no longer able to work or are not in a position to hope ever to work. I do not want to go quite that far and I do not think it will be interpreted in that way, but I certainly want to avoid having the benefits go to those who are only temporarily unemployed.

Mr. ROBICHAUD: Would paragraph (c) cover a man who was incapable of continuing in his ordinary occupation or vocation? I have in mind a farmer who is a returned man

but whose health does not permit him to do the heavy work of farming. Would he be expected to go away from home to look for some easier work?

Mr. POWER: If he is not capable of any gainful employment he would be eligible.

Mr. ROBICHAUD: I do not think that answers my question. As someone said this afternoon, he might be capable of running an elevator, but to get such employment he would have to leave home and go fifty miles away to a town or city. Would he be expected to leave his family?

Mr. POWER: That would be his economic handicap. That is why those words are in the section.

Mr. ROBICHAUD: "Incapable of maintaining himself at his ordinary occupation"—is that the way it would be interpreted?

Mr. POWER: Yes, broadly speaking.

Mr. MacNEIL: I should like to inquire as to the eligibility of a man, say forty-five or forty-nine years of age, the average age, who is too old to be accepted in the employment for which he has been trained. The minister is well aware that a large number of veterans are considered to be too old to continue in employment in certain important industries in this country. Would the fact that they are unable to resume the vocation for which they were trained qualify them under this clause?

Mr. POWER: If a man of forty-five was as physically fit as a man of that age would normally be, he would not be eligible under this clause even though there was no work available at the moment.

Mr. BENNETT: How would the minister think this would do in place of paragraph (c)? We have dealt with paragraphs (a) and (b), and could we not say this:

(c) does not qualify by age or disability under the two preceding paragraphs, but having served in a theatre of actual war, is, in the opinion of the board, suffering from such physical or mental disability or insufficiency as would entitle him to such allowance if he were not disqualified by reason of age and otherwise as provided by the preceding subsections.

I have not written it out, but I just wanted to get the sense of it. This is the comprehensive clause as it covers every class not covered by the two preceding paragraphs. It has the one rider, namely, physical or mental disability or insufficiency in the opinion of the board. That is, first of all the board must satisfy itself that the man is not sixty years of age; second, that he is not permanently unemployable because of physical or mental disability.

Mr. POWER: That means total disability.

Mr. BENNETT: Permanent unemployability means total incapacity. Let us take the third paragraph, which covers everything:

Does not qualify by age or disability under the two preceding paragraphs, but having served in a theatre of actual war, is, in the opinion of the board, suffering from such physical or mental disability or insufficiency as would entitle him to an allowance to the same extent as though he was qualified under the two preceding paragraphs of this section.

Mr. POWER: May I just repeat it.

Mr. BENNETT: Here it is:

Does not qualify by age or disability under the two preceding paragraphs, but having served in a theatre of actual war, is, in the opinion of the board, suffering from such physical or mental disability or insufficiency as would entitle him to the benefits of this allowance were it not for the provisions of paragraphs (a) and (b).

Mr. POWER: Perhaps if I repeated it—"Is in the opinion of the board suffering from such physical or mental disability—"

Mr. BENNETT: Or insufficiency.

Mr. POWER: "—or insufficiency to such an extent as would qualify him—"

Mr. BENNETT: Yes, under the preceding paragraphs, if it were not for the restriction of age or permanent disability. Is that too broad?

Mr. POWER: No; I do not think it is broad enough.

Mr. BENNETT: That covers every case except those two.

Mr. POWER: I shall be glad to read it in Hansard, but I think it would narrow it. Did I understand my right hon. friend to say it would cover the economic handicap?

Mr. BENNETT: I think it covers everything. It is intended to cover every other kind of case that would qualify him were it not for the distinct provisions of (a) and (b); that is, his lack of age, his lack of permanent disability. Then if he is physically unfit and mentally unfit, he would be entitled to the allowance as though he fell within (a) and (b) but for the disqualification of age and permanent incapacity which he is not suffering.

Mr. POWER: The first difficulty I see is over the word "suffering." That would imply medical examination of some kind. We would have to change that language, for the idea is to get away as far as possible from medical

examination. We hope there will be no necessity for medical examination except so far as to exclude the man as being fit under the next subsection, but I shall be very glad to let this section stand and come back to it on another occasion.

Mr. BENNETT: Perhaps we will sit down and write a section before the next sitting.

Mr. NEILL: Will the minister give us his opinion about the veterans' allowance in connection with old age pension. Cannot he make provision that the amount shall be only less any amount he receives from old age pension?

Mr. POWER: No; I think this is all right. I do not think there is any danger of the man being deprived of his old age pension or of this allowance, but I think we are all in agreement that he should not have the two. The paragraph reads:

An allowance shall not be awarded or continued under this act to a veteran or a recipient while such veteran or recipient is in receipt of an old age pension.

If he is in receipt of an old age pension and prefers to come under our act, all he has to do is to abandon the old age pension and we will give him the allowance; but what we will not do, and do not propose to do, is to allow him to come under our act and also allow him to draw $10 under the old age pension in addition to $10 under this act. As the members of the committee know, there is an exemption up to $240, which is counted as exempted income. Cases have arisen where a man drawing $20 under the War Veterans' Allowance Act maintains he has a right to draw $10 more from the provincial government in old age pension, and some provincial governments were only too glad to show their generosity when they were dealing with seventy-five per cent of somebody else's money, some insisting that they be allowed to give the man this $10. Our reply was: "All right, you can give him the whole amount, and we will not give him the war veterans' allowance."

Mr. NEILL: I have known a case where a man's application for war veterans' allowance was refused, and he was told: "You are seventy years of age; go and take the old age pension." There would be that disposition. The words in the section are:

An allowance shall not be awarded or continued—

They may say: "You are in receipt of an old age pension, and therefore you will receive nothing under this act."

[Mr. Power.]

Mr. POWER: If he wants to fool us he can drop his old age pension and come to us and say: "Please give me the war veterans' allowance."

Mr. BENNETT: And the provincial government may aid him in doing so.

Mr. DUNNING: That is what will inevitably happen.

Mr. POWER: We did not think of it in 1930 when the act was first passed; but had parliament of that day known that old age pensions would be extended on such a scale as they have been, arrangements would have been made so that anybody qualifying for old age pension at the age of seventy would go on the old age pension and not have the war veterans' allowance.

Mr. BENNETT: Too near an election at that time.

Mr. POWER: Possibly, and no amendments were made after the election. Of course, there was always the hope that there would be an early and successful appeal to the people. At the present time, when the federal government is paying a war veterans' allowance to people who are entitled to war veterans' allowance and to people who are entitled to old age pension, I suppose if we shifted them on to the province we would save twenty-five per cent, but there has been never any disposition of that kind under any administration.

Mr. BENNETT: No; it has always been regarded as our responsibility under defence.

Mr. GREEN: There is no intention that this section will be used to force veterans onto the old age pension?

Mr. POWER: No, the other way round.

Mr. POTTIER: Is "maintaining himself" interpreted to mean under the old section maintaining himself and dependents or maintaining himself only?

Mr. POWER: It had some reference to dependents.

Mr. BETTS: Before we leave paragraph (c) of section 3, the minister said that his main preoccupation was to give the board the most unfettered, the widest possible discretion. I think we all want that. He also said that under the former section which it is now proposed to repeal, after the first rush of applications that came in there was very little difficulty experienced by the board in dealing with the applications and in construing the legislation. I would point out that under the former definition all that the

board had to do was to form an opinion that the applicant, provided he was fifty-five, was incapable of maintaining himself because of disability, pre-ageing and general unfitness. The board had to form no opinion whatever as to what would become of the applicant in the future, as to the probability of the applicant being unable to maintain himself in the future. But by amending the section in the manner proposed we are casting on the board the necessity of making up its mind in every case whether the applicant will be capable of maintaining himself in the future. So the minister is doing just what he says he does not want to do, hampering and fettering the board, clipping their wings.

Mr. POWER: We say, "if in the opinion of the board." We do not fetter or hamper them. We say: "If a man is, in the opinion of the board, incapable and unlikely to become capable." The board decides whether he is likely or unlikely to become capable of maintaining himself.

Mr. BETTS: The minister is asking the board to decide something it was not required to decide before, the probability of the applicant becoming capable or incapable. That is an added restriction on the board. That is my objection.

Mr. GREEN: If the minister is not willing to change paragraph (c) of subsection 1, would he consider wiping out subsection 2, which further restricts the board?

Mr. POWER: I do not think I can consider wiping out subsection 2. That is the safeguarding provision to prevent this from being an unemployed relief act.

Mr. GREEN: Yes, but the minister said with regard to paragraph (c) that economic handicaps meant, for example, that a man had been out of work for, say a year. Yet subsection 2 is contradictory. It says, "physically and mentally capable of maintaining himself if work were available". The two do not fit in. I suggest that subsection 2 come out. The department is amply protected by the wide terminology of paragraph (c).

Mr. POWER: I would not like to ask the board to carry on under this act without having at least this safeguard in it, to make it quite clear that it is not the intention of parliament that mere lack of work would be a qualification.

Mr. GREEN: But you have also the qualification in paragraph (c) that the veteran must be "unlikely to become capable of maintaining himself". If that is left in, surely it is sufficient protection.

Mr. POWER: I am sorry, but I cannot agree.

Mr. QUELCH: How would this affect a farmer on some marginal land who is incapable of working the farm himself? Would he be allowed to turn the farm over to his son to maintain himself?

Mr. POWER: I suppose that if his action were construed as fraud or evasion, he would not be eligible. But otherwise I imagine—

Mr. QUELCH: He could not run the farm himself, and if it is sub-marginal land he could not afford to hire a man to work for him. Would he not be eligible for the allowance?

Mr. POWER: Some men who are on farms are now in receipt of veterans' allowance, and some deduction is made owing to the fact that such a man is not obliged to pay rent and he gets some subsistence from his farm. But there is a section in the act, section 8, which states that when it appears to the board that—

—any veteran has made a voluntary assignment or transfer of property for the purpose of qualifying for an allowance or for a larger allowance than he might otherwise have been entitled to receive, the income derivable from such property shall, in determining the allowance, if any, which such veteran should receive, be taken in account as if the assignment or transfer had not been made.

Mr. MacNEIL: Will the minister explain what procedure will be followed to determine what degree of physical or mental disability or insufficiency would enable a man to qualify? Would the man be subjected to an examination? The reason I ask is this—

Mr. POWER: He would have to have a medical examination to determine whether he is fit. I have already said that.

Mr. MacNEIL: Will the pre-aging be a definite factor?

Mr. POWER: In tangible or intangible handicaps. What an intangible handicap is I do not know; I cannot define it. But if a man is not just able to work or cannot hold a job because his physical and mental condition is such that he is not capable of doing it, then he comes under the act. I cannot explain it any more than that. If it is just a case of his being out of work because the mill or the plant is closed down, he does not come under it.

Mr. DUNNING: Or if he is lazy.

Mr. POWER: The Minister of Finance says that if he is lazy he does not come under it. I say unfortunately in most cases he does.

Mr. LAWSON: As the minister has intimated that it is his intention to reserve this section for further consideration, despite his opinion as expressed this evening in answer to questions of the hon. member for Yale, I am going to ask the minister to reconsider the views he has expressed with respect to the interpretation given by the justice department to the words, "served in an actual theatre of war."

Mr. POWER: Will my hon. friend try his hand at drafting something to cover his case, and I shall see what I can do.

Mr. LAWSON: Yes, I shall be very glad to do so. I do not know whether it was last session or the session before that I personally went before a committee of the house over which the minister was presiding, and I thought I had the minister's sympathetic consideration of the situation. One of the cases I then had in mind was that of a sergeant who had been on conducting parties and had actually been under fire. There is no necessity of my repeating the circumstances as the minister is thoroughly familiar with the facts; but I feel that, in view of some cases which have come to my attention, and as we are now extending this war veterans' allowance to practically the limit to which it can be extended, an injustice is done in many cases by adhering to the interpretation given by the justice department. I welcome the suggestion of the minister and I shall try my hand at drafting something to meet the situation.

Mr. POWER: In any case the bill will not pass this evening; certain sections of it have been held over, and I shall be glad to consider any amendment which my hon. friend suggests. But I warn him that I would not like him to make it so broad as to cover those who have not actually had fairly meritorious service.

Mr. LAWSON: Oh, yes.

Mr. BENNETT: But if the man is an enlisted man acting under orders and he is a casualty, surely he should be entitled to it.

Mr. POWER: This factor has to be taken into account: The Department of National Defence decided which men were to have medals. I think that is perhaps the determining factor in this whole situation; and as I understand, conducting officers were not awarded the victory medal. The election men should have been awarded a victory medal, because they won the election, but I do not know about the war.

Mr. STIRLING: That is another feature.

[Mr. Power.]

Mr. BENNETT: After all, the test should be, Was he an enlisted man; if he was an enlisted man, did he suffer a disaster in a theatre of war?

Mr. POWER: Well, he did not. This man did not suffer disaster during the war. This is not a wounded man.

Mr. BENNETT: The one I am talking about is one who did. It was in a minor capacity.

Mr. POWER: I believe that those who did suffer any disability in a theatre of actual war would be pensionable.

Mr. BENNETT: I should think so.

Mr. POWER: He is eligible under the War Veterans' Allowance Act if he suffered injury. But this is the case of a man who suffered no injury whatever; he had a short and rather uneventful service, in that he crossed over in one case conducting troops, as a conducting officer.

Mr. BENNETT: Was he an enlisted man?

Mr. POWER: Presumably he was an officer.

Mr. LAWSON: He was a sergeant. My recollection is that he actually did suffer some injury, but I would not like to state that for a certainty.

Mr. POWER: If he had any injury due to his war service or to service in the army during the war he would be entitled to a pension.

Mr. LAWSON: No, because he cannot prove his present incapacity is attributable to the injury.

Mr. POWER: Ah, that is another point. But I imagine if he had any injury incurred on or attributable to service, he would have entitlement under the Pension Act.

Mr. BENNETT: That has always been my understanding.

Mr. POWER: And there would be no difficulty about getting war veterans' allowance. But as I understand it, this is the case of a man who is now disabled owing to illness or to incapacity which has occurred since the war.

Mr. BENNETT: Not necessarily referable to his wounds.

Mr. POWER: Not referable to his wounds at all. That man is not entitled normally to the benefits of this act. But as I said, I should like to consider the matter. There

cannot be very many such cases. I should like to consider an amendment which would not broaden the act to the extent of covering persons who did not serve in a theatre of war, yet might cover cases such as are mentioned by my hon. friend.

Mr. MUTCH: We have been wandering more or less all over section 4 of the act, which, is being amended, and as the minister is going to reconsider various subsections, I suggest that subsection 3 might work a hardship on the married man. This subsection provides that the allowance shall not be awarded or continued under the act to a veteran or the recipient of an old age pension. As is well known, the old age pension is $20 a month, and, if a man is married $40. But if, as is usually the case, there is a gap of five or ten years between the ages of husband and wife, it might happen that refusal to give the veterans' allowance to a married man might reduce his potential income by half. I do not believe there is provision for a man who is drawing the old age pension to waive it.

Mr. POWER: Yes. The moment he drops it he is eligible.

Mr. MUTCH: So long as it is clearly established that he may do so, it is all right. This subsection says that the allowance cannot be awarded or continued—

Mr. POWER: "While such veteran or recipient is in receipt of an old age pension."

Mr. MUTCH: It is clearly the intention that a man need not sacrifice $40 a month because he is already in receipt of $20?

Mr. NEILL: Can he be allowed to give up the $20?

Mr. POWER: Yes.

Mr. BETTS: Before leaving section 3 I hope that the minister will see fit to drop, or at any rate to modify, subsection 2. However, if he does not do so, I believe he will agree with me that we ought to endeavour to write king's English into the statutes. I am no purist, but in subsection 2, it seems to me, if I may trust my ear, we have made a mistake, and I am ashamed to say I do not know whether it is in mood or tense. Let me read it:

> The provisions of paragraph (c) of subsection one shall not be construed to apply to any veteran who is, in the opinion of the board, physically and mentally capable of maintaining himself if work were available.

My submission is that "were" is not correct; it should be "be" or "is." There are some schoolmasters in the chamber. Perhaps they can tell us.

Mr. POWER: I am informed that this very point was submitted to the law clerk—though I refuse to accept the authority of the law clerk on this particular point—who stated that "were" was good English. Personally I think it is, but I shall not start a controversy with my hon. friend. If he can find an authority among the schoolmasters in the chamber justifying the change to "be" or "is," I shall be glad to consider the suggestion.

Mr. MacNEIL: Can the minister tell us by what method economic handicaps are measured? In committee we endeavoured to devise a formula to deal with the industrially unfit. In disqualifying those who are physically and mentally capable of maintaining themselves where work is available, no reference is made to the particular vocation for which such men have been trained. I submit that subsection 2 imposes too severe a restriction, because there are men who are industrially unfit to undertake work of a sort that might be available; that work might be such as they could not be reasonably expected to perform, and yet it could not be said that work had been absolutely denied them.

Mr. POWER: If he has a disability or if he is suffering from an insufficiency he is qualified for consideration.

Mr. DUNNING: You cannot go much further than "insufficiency."

Mr. MacNEIL: I am referring to the restriction contained in subsection 2. "Physically and mentally capable of maintaining himself if work was available" seems to me to contradict the intention of paragraph (c) of subsection 1. The ex-service men would like some assurance that this deals with those commonly designated as the industrially unfit.

Mr. POWER: It is no use trying to get me into a hole on this. What the ex-service men wanted was provision with respect to men who were out of work, and this is not intended to cover men who are simply not employed. My hon. friend will remember the discussions in the committee, and there is no question that representations were made to cover people who were unemployed without any question whatever of disability. This bill is not intended for that purpose.

Mr. PELLETIER: Inasmuch as "economic handicaps" is not defined, the minister might perhaps insert some such words as these: "Lack of opportunities provided by the economic system, combined with. . . .".

Mr. BROOKS: Is there any set amount which the board considers sufficient for a man to maintain himself. Suppose he has an income of $150; would that preclude him from the war veterans' allowance?

Mr. POWER: The act fixes a maximum of $730 for a married man.

Mr. BROOKS: If he received $200 from some other source he could still receive the war veterans' allowance?

Mr. POWER: We allow him the maximum including that. There are a very large number who are receiving $10 a month pension and they still receive the war veterans' allowance.

Mr. MacNEIL: Will a nursing sister who is married, whose husband is out of employment and who is otherwise eligible, be allowed to qualify?

Mr. POWER: There is no double standard. The nursing sister who is married is as much entitled to support her husband as her husband is entitled to support her. I do not see any difficulty about that.

Mr. LENNARD: Suppose a man was entitled to assistance under the act but died before he had either applied for or received assistance: would his widow be entitled to temporary assistance?

Mr. POWER: No.

Mr. McNIVEN (Regina): I understood the minister to say that the maximum receivable under the War Veterans' Allowance Act was $40 for a man and his wife, and that earnings were permitted up to $250.

Mr. POWER: Yes.

Mr. McNIVEN (Regina): Would that $250 include a pension?

Mr. POWER: Anything.

Mr. McNIVEN (Regina): If he received a pension of $250, that would be his maximum?

Mr. POWER: Yes.

Mr. McNIVEN (Regina): I have a complaint from the disabled veterans' association, indicating a good deal of dissatisfaction among the veterans in the west, on the part of pensioners receiving very small pensions of $5, $10 and $15 a month. Many of them are in receipt of a governmental allowance varying from $480 to $730 a year, and these men are having difficulty in getting along. Their degree of unemployability is the same; they are living under identically the same conditions, and they are protesting against that difference between the amounts payable to individuals of approximately the same pension rate. I wondered whether the minister had received any complaints in regard to that situation and whether there is any possibility of remedying it.

Mr. POWER: Perhaps my hon. friend is referring to certain pensioners receiving small pensions who complain that the unemployment assistance given by the department is not adequate. It has no reference to this bill. But if the organization to which my hon. friend refers is that which I have in mind, having its headquarters at Regina—

Mr. McNIVEN (Regina): Yes.

Mr. POWER: —its program calls for $45 per month for each single veteran; for each married veteran, $65 and $12.50 for every dependent child, so that under that program a man, his wife and three children might receive over $100 a month. That would be for all veterans. I am sure that parliament will not support the proposals of that association.

Mr. McNIVEN (Regina): They have greatly modified their proposal, because in their letter to me they asked only for a maximum under the War Veterans' Allowance Act of $50 a month; that is an increase from $40 to $50.

Mr. POWER: Is it the same organization?

Mr. McNIVEN (Regina): This is the disabled veterans' association of Saskatchewan, incorporated under provincial charter in 1934. They point out that this allowance is just a bare subsistence, and that returned men, as other married men, have furniture, kitchen equipment, etc., continually going out of repair, and that they have no funds to replace these. They therefore suggest that this allowance be increased. It is a very modest request in comparison with that to which the minister has referred, and undoubtedly will receive more favourable consideration from him on account of its modesty.

Mr. CLEAVER: We have had a good deal of discussion in regard to subsection 2, and I think some of us feel that this subsection may not be interpreted by the commission as generously as the minister has indicated to-night it should be. Would the minister care to consider the feasibility of defining the word "work," somewhat in this way: "The word "work" referred to in this subsection shall not be intended to mean sheltered positions." My reason for that suggestion is that the commission, if they wanted to construe the section strictly, would not be able to trump up the old well-remembered example of the

elevator operator, a job which is not available. Would the minister consider defining the word "work"?

Mr. POWER: I shall give it consideration.

Section stands.

On section 4—Certain deductions not to be made.

Mr. GREEN: Will the minister explain this section?

Mr. POWER: Heretofore in arriving at the allowance payable to a veteran, and having in mind the maximum income of $365 and $730 per annum respectively to single and married men, the board has taken into consideration income from all sources except that exempt under the War Veterans' Allowance Act. It is now proposed to exempt pensions or grants which accompany the awards of the Victoria Cross, the Military Cross or the Distinguished Conduct Medal. The government is of the opinion that these grants should not be taken into consideration. These grants are sixpence per day to a holder of the Victoria Cross, plus £10 per annum if he is a pensioner, the total of which would not exceed $100 per annum. In the case of the Distinguished Conduct Medal the grant is sixpence per day if he is a pensioner, or around $45 per annum, but nothing if he is not a pensioner. The grant accompanying the Military Cross is the same as that accompanying the Distinguished Conduct Medal itself, but this grant is available only from the rank of captain to that of warrant officer. The grants are payable only in case of necessity.

Mr. BENNETT: They follow as a matter of course if there is a pension.

Mr. POWER: There are certain regulations, and it is only in case of necessity.

Mr. BENNETT: First, there must be a pension.

Mr. POWER: Certainly in the case of the Military Cross it must be a case of necessity, and, I think of the Distinguished Conduct Medal also, but not the Victoria Cross.

Mr. GREEN: Are those grants paid by the government of the United Kingdom?

Mr. POWER: Yes; we have nothing to do with it.

Mr. McNIVEN (Regina): The minister has frequently emphasized during the course of the debate that this is not an unemployment relief measure. I am anxious to know whether there will be any other bill before the house or anything in the estimates in which unemployed returned soldiers will be under consideration. I have in mind a resolution passed by the conference of mayors held in this city on March 16, at which it was resolved that the dominion government be asked to assume immediate full responsibility for administration and financing of public assistance, including medical and hospital service, to ex-service men and their dependents, such assistance to be on at least as high a scale as municipal relief.

On June 1, 1937, at Saskatoon the urban municipalities association for the province of Saskatchewan at their annual meeting passed a resolution in similar terms; a conference which is now in progress had a similar matter under consideration and, I believe, arrived at a similar conclusion. The matter is very urgent—

Mr. POWER: I do not like to interrupt, but I do not think this has any connection with this bill, and I am in hopes that I may be able to go into supply later in the evening and probably be able to reach an item in the estimates under the title of unemployment assistance. It would be appropriate if the hon. member would make his observations on that item.

Mr. McNIVEN (Regina): Thank you very much.

Section agreed to.

Progress reported.

PENITENTIARY ACT AMENDMENT

COMPUTATION OF TIME SERVED BY CONVICTED PRISONERS PENDING APPEAL

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved the second reading of Bill No. 36, to amend the Penitentiary Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Johnston (Lake Centre) in the chair.

Mr. LAPOINTE (Quebec East): This bill has only one clause and it is very simple. It reads:

1. Subsection four of section forty-four of the Penitentiary Act, chapter one hundred and fifty-four of the Revised Statutes of Canada, 1927, as enacted by section nine, chapter twenty-seven of the statutes of 1932-33, is repealed and the following substituted therefor:

"(4) Subject to the provisions of subsection two of section one thousand and nineteen of the criminal code, any period during which a convict is detained in the gaol or other place of confinement pursuant to the authority of this section shall not be computed as time served in the execution of his sentence, unless he be so detained pending an appeal by the attorney general or counsel for the crown."

While section 1019 of the criminal code states that this is subject to any direction

the court of appeal may make to the contrary, the amendment is merely to add to the section in the Penitentiary Act the words, "subject to the provisions of subsection 2 of section 1019 of the criminal code." The intention is to harmonize the two.

Mr. BENNETT: Perhaps this affords me an opportunity to make one observation I should like the minister to consider. Some months ago there was a criminal trial in the county of Renfrew. Upon an appeal being taken, the court ordered a new trial in any event, and the execution that had been ordered was of course vacated. But no judgment has been given on the question as to whether or not the case should not be discharged on the ground that there, in any event, was no evidence to go to a jury. This matter is causing a good deal of comment, because it has been long delayed.

I do not know that the minister can do anything, but I suggest that in a case of this kind it might be desirable to do something to expedite the delivery of judgment. This is now the month of March, and it is a long time since the trial took place. I venture to mention this now because this bill may be the only vehicle which would enable me to do so. I had intended to do it at some other time, but perhaps the minister would go into the matter to see if something can be done to have judgment given without further delay.

Mr. LAPOINTE (Quebec East): I shall look into the case.

Section agreed to.

Bill reported, read the third time and passed.

CANADA EVIDENCE ACT

HUSBAND OR WIFE COMPETENT WITNESSES IN CERTAIN PROSECUTIONS—SUBMISSION OF CERTAIN PROOF OF AFFIDAVIT

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved the second reading of Bill No. 37, to amend the Canada Evidence Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Johnston (Lake Centre) in the chair.

On section 1—Wife or husband competent and compellable witnesses for prosecution.

Mr. LAPOINTE (Quebec East): This is to add to the exceptions under section 4 of the Canada Evidence Act one whereby the wife or husband may be a competent and compellable witness, one against the other, when one is charged for the theft of property belonging to the other.

[Mr. Ernest Lapointe.]

Mr. STEWART: While they are living apart.

Mr. LAPOINTE (Quebec East): Yes, when they are living apart. This has been recommended by some magistrates, and more particularly by the late commissioner of the Royal Canadian Mounted Police. Already there are eight cases excepted from the general rule, and this will be another one. For instance, witnesses may be compellable one against the other in cases of seduction, vagrancy, the abandonment of a child, and so on. I believe this is a proper change to make.

Mr. BENNETT: It really extends the exceptions to the general rule that the husband and wife are one, and permits either to be called against the other where one has stolen from the other while they have been living apart.

Mr. LAPOINTE (Quebec East): That is correct.

Mr. BENNETT: I think that is desirable.

Mr. BETTS: Are the husband and wife competent and compellable witnesses under these circumstances by the law in England?

Mr. LAPOINTE (Quebec East): I do not know. Under our own law they are competent and compellable when one or the other is charged with an infamous offence, such as seduction, vagrancy, neglect to provide the necessaries of life, the abandonment of a child under two years, unlawful carnal knowledge, rape, bigamy and abduction. I do not know whether under the English law this provision appears.

Mr. BENNETT: I think so, although I am only speaking subject to correction. I believe there was not long since a case in which an action was brought by a wife against her husband for stealing from her while they were living apart. She gave evidence. However, my memory may be at fault in this connection.

Section agreed to.

Section 2 agreed to.

On section 3—Reception in evidence.

Mr. LAPOINTE (Quebec East): This suggestion has been made more particularly by Mr. J. W. McFadden, K.C., crown attorney in Toronto, who wrote me as follows:

Section 29 of the evidence act should be redrafted. Our courts are flooded with prosecutions of cases where bad cheques are given. Some of these cheques are given on banks ranging from Halifax to Vancouver. Most of

these cheques are for small amounts. We cannot go to the cost of bringing a banker but by section 29 we are able to prove the statement of the man's account by affidavit. The section, however, is deficient in that it only provides for cases where the man has got some account in the bank. Where, however, cheques have been given and there is no account at all there is no provision made and the consequence is that we cannot think of launching a prosecution.

I have taken this matter up with Mr. Rogers, secretary of the bankers' association, and he is quite alive to the necessity of some amendment. Some time ago I drafted an affidavit for use in the courts. This has been a real boon to bankers in that they are not wasting three or four mornings in court and incidentally it has saved the city several hundreds of dollars in money. Where, however, there is no account we still have to subpoena these bankers.

This is to make the law apply when there is nothing in the books showing an account, in the event of a charge being laid. Under the law as it is, if there is a charge in the books it can be proved by affidavit, but when there is nothing we have had to bring witnesses to court.

Mr. BENNETT: It is only prima facie, in any event.

Mr. LAPOINTE (Quebec East): Yes.

Mr. PELLETIER: It is not intended to apply to cases where there are not sufficient funds.

Mr. LAPOINTE (Quebec East): That is correct.

Section agreed to.

Bill reported, read the third time and passed.

ROYAL CANADIAN MOUNTED POLICE

PERMANENT MILITARY AND AIR FORCE SERVICE TO BE INCLUDED FOR PENSION PURPOSES

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

That it is expedient to amend the Royal Canadian Mounted Police Act to provide that time served in the permanent naval, military and air forces of Canada may be included in the term of service of an officer or a constable for pension purposes; and to restrict the application of the act in respect to members of the reserve.

Motion agreed to and the house went into committee, Mr. Johnston (Lake Centre) in the chair.

Mr. LAPOINTE (Quebec East): There are two main amendments in the bill which will be introduced. As the law now stands, it provides that the time served in the permanent forces of Canada may be included in the term of service of an officer for the purposes of pension under this part. This amendment inserts the words, "naval, military or air" in the expression, "permanent forces of Canada." It has not been clear under existing statutory definitions that the expression "permanent forces of Canada" included the naval and air forces as well as the military. It has always been the intention to include this service.

The other amendment has to do with reservists of the Royal Canadian Mounted Police.

Mr. BENNETT: They were provided for last year.

Mr. LAPOINTE (Quebec East): We enacted the following clause:

Every member of such reserve on being called up for duty or training will be subject to this act, and all rules and regulations made thereunder from the date of his being called up, which date shall be the day on which he is advised by registered letter to report himself for duty.

We desire to restrict the application of this section. For instance, it is not desired that a reservist should be entitled to all the benefits of the Royal Canadian Mounted Police Act such as pensions, etc., unless he is injured or killed on duty. Under the section enacted last year the reservists were entitled to all the privileges of the permanent police force, and this is to restrict the application of the section to when they are injured or killed on duty.

Resolution reported, read the second time and concurred in. Mr. Lapointe (Quebec East) thereupon moved for leave to introduce Bill No. 40, to amend the Royal Canadian Mounted Police Act.

Motion agreed to and bill read the first time.

SUPPLY

The house in committee of supply, Mr. Johnston (Lake Centre) in the chair.

DEPARTMENT OF PENSIONS AND NATIONAL HEALTH

Mr. BENNETT: Mr. Chairman, what are the rules with respect to going into supply when there is an amendment pending. I just forget the practice.

Mr. MACKENZIE KING: It is suspended until Monday.

Mr. BENNETT: Does it require a motion?

Mr. LAPOINTE (Quebec East): The rule has been changed to meet such a case as this.

Mr. BENNETT: I thought we made a motion to suspend. Has the rule been amended to the extent that we can go into supply without a motion being made with respect to suspension?

The DEPUTY CHAIRMAN: My understanding of the rules is that a motion is necessary for Mr. Speaker to leave the chair on Mondays or Tuesdays, but such a motion is not necessary on Thursdays. This being Thursday, I should think that the amendment moved on March 8 would not be considered to-day.

Mr. NEILL: On the point of order. This same thing happened some years ago, and the Prime Minister moved a motion to the effect that the procedure on Thursday or Friday, as the case may be, would be the same as on Monday or Tuesday. I remember his moving a motion to that effect in order that the debate could be continued.

Mr. DUNNING: When the debate was adjourned on the first occasion, I inquired into the matter in order that our proceedings might be regularized. I found it was quite competent to leave the adjournment of the debate on the order paper until a day upon which it could be resumed, without affecting in any way the right of the house to continue in committee of supply on those days of the week upon which under the rules Mr. Speaker might leave the chair without question put.

Mr. BENNETT: I thought some motion was necessary.

Mr. DUNNING: Under the old rule, yes, but under the amended rule, no. However, we can check that up. I would point out that the committee has acted already in accordance with that understanding. This is not the first occasion on which the debate has stood over.

Mr. BENNETT: I do not want to delay the proceedings in any sense; I just wanted to be certain about the practice. I can remember some difficulty arising on one occasion. I was not in the chamber the other evening when the matter came up or I would have mentioned it then. I am still uncertain about it. Obviously Mr. Speaker cannot leave the chair without a motion being put with an amendment pending.

Mr. DUNNING: The debate will continue on the amendment.

Mr. BENNETT: There should be some form to regularize it.

[Mr. Ernest Lapointe.]

The DEPUTY CHAIRMAN: Standing order 28 reads:

On Thursdays and Fridays when the order of the day is called for the house to go into committee of supply, or of ways and means, Mr. Speaker shall leave the chair without putting any question provided that, except by the unanimous consent of the house, the estimates of each department shall be first taken up on a day other than Thursday or Friday.

Mr. BENNETT: That does not cover this at all.

The DEPUTY CHAIRMAN: This is Thursday, and the Speaker leaves the chair without question put.

Mr. WOODSWORTH: But not when an amendment is before the chair. I submit that that rule applies only on the initiation, and not to-day.

The DEPUTY CHAIRMAN: We are going into supply without the need of a motion.

Mr. WOODSWORTH: Not when there has been an amendment to a motion for going into supply.

Mr. BENNETT: Beauchesne deals with the the question in citation 233.

Mr. MACKENZIE KING: I was just going to read that citation:

The adjournment of debate on an amendment to the motion for the Speaker's leaving the chair may create an exceptional result, owing to the direction contained in standing order 28 that on Thursdays and Fridays when the order of the day is called for the house to go into committee of supply or of ways and means, Mr. Speaker shall leave the chair without putting any question, provided that, except with the consent of the house, the estimates of each department shall be first taken on a day other than Thursday or Friday. If an adjourned debate on such an amendment is standing upon the order paper when supply, for consideration of which in committee it is not necessary to propose the question for the Speaker's leaving the chair, is to be taken, the order of the day for resuming the adjourned debate is removed, and procedure on the amendment lapses, in order that the Speaker in obedience to standing order 28 may leave the chair without question put. See May, p. 476. Such a situation may arise at the end of the session when all the estimates have first been taken up on a day other than Thursday or Friday.

It simply means that the motion is suspended until we reach the day when we move to go into supply. Then we cannot go into supply until this motion is disposed of. It will appear on the order paper on Monday, Tuesday and Wednesday of next week, and it will be impossible for the government to proceed with supply on any of these three days until it has disposed of the motion.

Mr. BENNETT: The difficulty arises from the use of the word "lapse." It will be observed that Doctor Beauchesne's citation says:

—it is not necessary to propose the question for the Speaker's leaving the chair, is to be taken, the order of the day for resuming the adjourned debate is removed, and procedure on the amendment lapses.

It was that which induced me, thinking it over this morning, to raise the question, and I did not have time to-day to look up the rules. I had intended to speak of the matter earlier in the day. If procedure on the amendment lapses, I think a motion is necessary to the effect that it shall not lapse, or something tantamount to that, because if the procedure on the amendment lapses the situation which the editor of this volume indicates might happen has happened.

Mr. MACKENZIE KING: It is only when all departments have been in supply that any difficulty will arise, because the government would then be free to take supply only on Thursday and Friday. But if there remained one department to go into supply, that department could not be proceeded with until any amendment to the motion for supply had been disposed of. Only when all departments are in supply would a motion be necessary to prevent any amendment of the sort from lapsing.

Mr. BENNETT: As long as we understand the situation, it does not make any difference. It might be that the question would be raised, and I thought it was desirable to anticipate it.

Mr. PELLETIER: Would it be possible for the government to go into supply on Thursdays and Fridays only and in that way evade resuming the debate on the amendment?

Mr. MACKENZIE KING: We cannot take on Thursdays and Fridays the estimates of any department which has not previously been called on a Monday, Tuesday or Wednesday. It is only towards the end of the session when we might reach a time when all departments would have been already in supply and then the situation my hon. friend suggests might happen. But if we took supply only on Thursdays and Fridays, we would want something else to do on Monday, Tuesday and Wednesday.

Mr. PELLETIER: I just wanted an explanation.

Pensions branch—War veterans' allowances, $4,500,000.

Mr. GREEN: Will the minister explain how this vote is divided between the three classes of recipients, those over sixty, the permanently unemployable, and those incapable of maintaining themselves?

Hon. C. G. POWER (Minister of Pensions and National Health): While I have not the exact figures, there would be approximately two-thirds over sixty and one-third under sixty.

Mr. GREEN: Does the one-third include the class incapable of maintaining themselves?

Mr. POWER: Yes, that class amounted to about 1,100, and it is now about 1,200 since the amendments of 1936 came into effect.

Mr. BETTS: Will the additional $300,000 take care of the new classes eligible under the amendments we have been discussing to-night?

Mr. POWER: Certainly not. I have hopes of being able to obtain a supplementary vote of something approaching $1,250,000 to $1,500,000. It is estimated that the total expenditure involved under the act we have been discussing to-night is about $2,000,000, but in view of the fact that all the applicants will not come in at the same time or all during the one year, about $1,250,000 to $1,500,000 will be sufficient this year.

Mr. McNIVEN (Regina): What is the amount paid out in each province and the number of recipients in each province?

Mr. POWER: That will be found at page 83 of the annual report. It is as follows: Nova Scotia and Prince Edward Island, number of veterans 629; New Brunswick, 295; Quebec, 1,076; Ontario, 3,997; Manitoba, 1,104; Saskatchewan, 572; Alberta, 870 and British Columbia, 2,763. Those are the figures as of March 31, 1937. There are a great many more since then.

Mr. McNIVEN (Regina): Does the report also show the amount paid in each province?

Mr. POWER: Yes.

Mr. BETTS: In estimating the additional amount required the minister spoke of asking for $1,250,000.

Mr. POWER: Approximately.

Mr. BETTS: Can the minister tell us whether the effect of the new section 4 he is proposing in the War Veterans' Allowance Act will be to enable the board to grant an allowance to any man who, in the opinion of the board, is incapable of maintaining himself because of disability, pre-ageing or general unfitness? Does the minister think the

proposed wording of section 4 of the act will give the board the same power to grant allowances as they would have had under the old act with the fifty-five year dead-line removed?

Mr. POWER: More power.

Mr. GREEN: Are expenditures in line with the estimates that were made some years ago of the cost of the war veterans' allowance?

Mr. POWER: Very closely. I cannot guarantee anything regarding the bill which we have been discussing after the amendments proposed this year have been passed.

Item agreed to.

War veterans' allowance board, $86,595.

Mr. MacNEIL: Would it be possible to carry out a very simple suggestion? A number of men apply for disability pensions and their claim is rejected. They feel then that they are through with all applications for consideration by the federal government. Would it not be possible in cases where it is apparent that, even though the claim for disability pension is rejected, the applicants might be considered for war veterans' allowance, the file would automatically pass to the war veterans' allowance board and be considered by it? In a number of instances men have written to me with regard, for example, to disability pensions. It appears to me that they are eligible for war veterans' allowance. I take the matter up and find possibly that their cases have been overlooked for a considerable period by reason of a lack of correlation of activities between the two departments.

Mr. POWER: As a matter of fact there is the very closest collaboration. For instance, in my own office, where, as my hon. friend can guess, I receive a very large number of letters dealing with pensions and war veterans' allowances, when I find that for some reason or another the man who has written cannot be awarded a pension, I turn the letter over to the war veterans' allowance board. I know that is being done in the district, and I hope it will be done in an increasing degree in the future.

Mr. MacNEIL: May I also refer to the section of the act dealing with separation, where the wife and husband are not residing together. On what grounds is that separation considered? If, for instance, they are separated because of circumstances over which they have no control, for example, because of some temporary inconvenience, probably some difficulty in securing a house for which arrangements have been made upon removal from one point to another, is that considered to be "separation" within the meaning of the act?

Mr. POWER: The board has the right of discrimination, and I am told that there has not been very much difficulty about the matter. There have been cases, where a separation is of a more permanent nature than my hon. friend mentions, where perhaps some trouble has arisen, but generally speaking there has been no trouble.

Mr. MacNEIL: I am anxious to have the point cleared up. It is a matter of interpretation. I have had every consideration from the board. But I have in mind the concrete case of a man who removed from Regina to Vancouver. He intended to arrange for his wife to follow him; but it was impossible to complete arrangements for the house he had intended to secure, and through no fault of his own his wife remained for six months in Regina while he was in Vancouver. An inspector reported the facts and circumstances; it was decided that the couple had been separated for that period, and steps were taken to recover overpayments made during the period of separation. I should like to have some assurance if possible as to whether that interpretation will be continued in respect of separation under such circumstances, through no fault of the parties themselves, they not residing together although the husband continues to support his wife.

Mr. POWER: I understand the matter was adjusted when all the facts were brought to the attention of the board. Even though I gave my hon. friend an interpretation of what I thought this act meant, after the amendments which I propose to-night to give the board full discretion and authority to deal with all applications my interpretation would not be worth very much.

Mr. BROOKS: Has the department any arrangement with representatives of the soldier settlement board for collecting information in the different districts, and if so, what are those arrangements?

Mr. POWER: They do all the investigation in rural districts.

Mr. BROOKS: What compensation, if any, do they receive?

Mr. POWER: None. Do not press that matter; the minister of Mines and Resources might ask to get some. They do not get any from us.

Mr. BROOKS: Do headquarters check up on information from the representatives of the soldier settlement board, or do they take their information as final?

Mr. POWER: Which headquarters?

Mr. BROOKS: Headquarters at Ottawa of the war veterans' allowance board.

Mr. POWER: We send there to get the information. We have no facilities available; we have no employees in those districts. It would be impossible for us to have employees in all the rural districts of the country: so the investigations are made at our request by the soldier settlement board.

Mr. BROOKS: And the information they send the department is regarded as final, I assume?

Mr. POWER: Not necessarily. There is an inquiry, such as any other inquiry might be, and there is information.

Mr. BETTS: I notice that the grant for temporary assistance is about three times as great as last year. What is the explanation of that?

Mr. POWER: I suppose it can be explained by the ruling that twenty per cent of the staff of this board, like twenty per cent of the staff of every department, must be temporary. Only eighty per cent are allowed to be permanent. All these people, of course, are appointed by the civil service commission.

Mr. LENNARD: Would the minister refresh my memory as to just what is covered by "sundries"?

Mr. POWER: I shall get the information for the hon. member. It is really a contingent reserve of $1,500 to cover all unforeseen expenditure in connection with the board. There is $100 miscellaneous.

Mr. LENNARD: Would that apply to replacement of office fixtures or, for instance, slightly used carpets?

Mr. POWER: That comes under equipment and maintenance, which is $300.

Mr. GREEN: What facilities have the board for having applicants examined medically, or for giving treatment to recipients of an allowance?

Mr. POWER: Departmental facilities.

Mr. GREEN: Can the board ask to have a recipient given treatment at one of the military hospitals?

Mr. POWER: The act does not provide for treatment privileges anywhere. Of course, if the man is a pensioner, he is entitled to the same kind of treatment as any other person.

Mr. GREEN: Would it not be possible to have some extension of treatment facilities for war veterans' allowance recipients?

Mr. POWER: I prefer to take that up when we come to the discussion of treatment. I should not like to introduce any legislation to that effect.

Item agreed to.

Veterans Bureau, $194,435.

Mr. MacNEIL: What is the reason for the reduction?

Mr. POWER: The work is decreasing, and there is a decrease in staff. The decrease in staff and salaries amounts to $14,200.

Mr. ESLING: Originally there were three soldiers' advocates on the mainland in British Columbia. One resigned. We always hoped that there would be one permanently located in the eastern portion of the province. He was appointed from that district and had given much of his time as secretary of a branch of the legion, having appeared on behalf of ex-service men before various bodies that came along. Then, when the resignation of the advocate in Kamloops took place, and with the vast number of cases at Vancouver, his time has been so fully occupied in assisting in the Vancouver office that he is seldom able to go to the interior. In other words, when there is a sitting of a quorum he hurries in two or three days ahead of time, and it is absolutely impossible for him to prepare the cases of men in the interior. He goes to a central point and endeavours to reach those men. Perhaps he has to cover cases within a radius of 100 miles. It is an impossibility, and the various legions feel that the interior applicants are suffering an injustice by reason of not having a proper presentation of their cases. I brought the matter up at the last session, and we thought the minister was sympathetic to the suggestion, but thus far nothing has been done. The minister can readily appreciate the fact that with four-fifths of the ex-service men located at the coast, in Vancouver and adjacent cities, the time of both advocates in Vancouver is so fully occupied that it is impossible for proper service to be given to the applicants in the interior. Will the minister be kind enough to give the matter further sympathetic and favourable consideration for the benefit of applicants all the way from the Okanagan to the Alberta border, who are without representation?

Mr. POWER: I have every sympathy for the request made by my hon. friend. I know no man in this house has taken more interest in the veterans generally than he has, and I know he wants to see something done particularly for those in the interior. Since he last brought the matter to our attention we have given it considerable study and we find that we are up to date in the work in British Columbia. A quorum has been in session at Vancouver and Victoria for several months and is just now about to proceed to points in the interior. This quorum will hold a session at Kamloops on April 6, after which it will visit Revelstoke, Vernon, Nelson and Cranbrook. Some fifteen entitlement applications will be heard at these points together with a few miscellaneous cases. On completion of these sittings, the only entitlement cases awaiting quorum hearing in the interior of British Columbia will be one at Prince George and two at Prince Rupert.

The work in hand in British Columbia does not warrant the appointment of an additional advocate. We already have Mr. Walter Drinnan and Mr. D. F. Markland at Vancouver and Mr. G. H. Sedger at Victoria. We formerly had four advocates in British Columbia, Mr. E. S. Keeling having been on the staff at Vancouver. This advocate, however, resigned some little time ago and has not been replaced because the work in hand did not warrant his replacement. Mr. Markland, who formerly lived at Fernie, has been specially detailed to look after the work at interior points. He is in the interior at the present time interviewing applicants and witnesses and otherwise making arrangements for the quorum sittings mentioned above. We have constantly sent Mr. Markland on trips through the interior to interview applicants, to give information and generally to render any service he can. His visits are always organized in advance; the officials of veterans' organizations at each point are notified of proposed visits; lists of applicants who want to interview the advocate are compiled, and the advocate takes with him a summary of the record. In this way, I think the requirements of the applicants in the interior of British Columbia have been given effective attention.

Mr. STIRLING: The minister said there were fifteen cases; does he mean fifteen at each of these places?

Mr. POWER: Fifteen all told.

Mr. STIRLING: Mr. Markland's headquarters are at Kamloops?

Mr. POWER: No. Vancouver. He is working around the interior now.

[Mr. Esling.]

Mr. ROSS (St. Paul's): Are the services of the advocates available to those imperials who do not come under the Pension Act? If the imperials could be helped in some way to obtain the pensions they seek from the British government, this would be of great service to them.

Mr. POWER: I do not know that the advocates would be recognized by the British ministry. We recognize them so far as our department is concerned, but we have made no arrangement for their recognition by the British government.

Mr. ROSS (St. Paul's): The plight of the imperial veterans is a sorry one, and if the services of the advocates were available to them this might be of great assistance and a good deal of suffering might be avoided. Could something not be done to have the services of the advocates made available to the imperials who are not looked after at the present time?

Mr. BROOKS: A few minutes ago the minister gave the figures of those receiving the war veterans' allowance in the different military districts. I was struck at the time by the great discrepancy in number between my own province of New Brunswick and British Columbia. There is a difference in population between New Brunswick and British Columbia of about two to one, but we have 295 and British Columbia has 2,763. This seems to be a very great difference between the two, and I should like to have an explanation.

Mr. POWER: Perhaps some British Columbia member would be only too glad to describe the charms of that province.

Mr. GREEN: The veterans know a good province when they see it.

Mr. POWER: About twenty-five per cent of the war veterans' allowance men live in British Columbia at the present time. I can only say that they drift to that province.

Mr. NEILL: And there is no more land west of British Columbia.

Mr. BROOKS: Twenty-five per cent of all those receiving the allowance are in British Columbia?

Mr. POWER: Yes. We are not surprised that some of the British Columbia members are vocal.

Mr. BETTS: Where are these pensions advocates of various grades employed? For instance, where is the pensions advocate grade V, and eight of them of grade IV:

Mr. POWER: The chief pensions advocate is employed in Ottawa. The grade V advocate would be employed in Toronto, that would be Mr. Harry Bray. I have the information here by districts, if that would serve.

Mr. BETTS: Yes; that would serve my purpose.

Mr. POWER: At headquarters there are three of grade IV and one of grade III.

In "A" district, that is the province of Quebec, there is one grade III and one part time.

In "B" district, Nova Scotia, there are three part time.

In "C" district, eastern Ontario, there is one grade IV.

In "D" district, central Ontario, there is one grade V, one grade III and one part time.

In "F" district, London, the position is vacant at present. No permanent appointment has been made since the vacancy was created by the retirement of Colonel Shannon about a year ago.

In "G" district, there is one grade IV, one grade III and another part time, who is in the branch at Port Arthur.

In Saskatchewan there is one grade IV who is retiring at the end of this month, one grade I and one part time.

In Alberta there is one grade II and one part time.

In British Columbia there is one grade IV, one grade I and one part time.

In New Brunswick there is one grade II.

Mr. LENNARD: Under what grade does the pensions advocate at Hamilton come?

Mr. POWER: That is Mr. Flett, is it not? He is part time.

Mr. BETTS: When is it proposed to fill the vacancy left by Colonel Shannon's retirement, and what grade is it?

Mr. POWER: I cannot say at the moment. It depends on what work there is.

Mr. BETTS: Who is doing the work at London now?

Mr. POWER: I cannot remember his name, but the work is being done very efficiently, I believe, by a man who was a clerk.

Mr. BETTS: Potter is his name. How is he rated?

Mr. POWER: I think he is a clerk, and may be advanced to a higher grade. Recently there has been some consideration regarding promotion or some advancement.

Mr. BETTS: Before this item is carried could the miinster give me exact information on that point?

Mr. POWER: I cannot do so offhand, because whatever happened happened within the last month or two and my book is made up only to January 1. I am under the impression that some recognition has been made of the efficient service which he has been giving, but I would not like to commit myself definitely.

Mr. BETTS: Would the minister allow this item to stand until that information is available?

Mr. POWER: I think that request is hardly reasonable on the part of my hon. friend. I shall be only too glad to give him all the information he wants, but does he think that the item should stand on account of one employee?

Mr. BETTS: If the minister will undertake to give the information before his estimates are closed.

Mr. POWER: Certainly.

Mr. McNIVEN: The minister said that the pensions advocate in Regina is retiring. Does he contemplate filling that position?

Mr. POWER: No.

Mr. McNIVEN: Why not?

Mr. POWER: One pensions advocate in Saskatchewan, Mr. Adams, has been here for the past year, because there is not enough work for him there and there is some work here. At present that work is wound up and it is not necessary to replace him.

Mr. PERLEY: Will this be permanent or temporary?

Mr. POWER: This will be permanent.

Item agreed to.

Unemployment assistance, $2,350,000.

Mr. POWER: It is under this item that I am prepared to discuss anything connected with unemployment of ex-service men, and incidentally discuss the veterans' assistance commission report, the so-called Rattray report. I understand some of my hon. friends would like me to make some statement with respect to the attitude which we intend to adopt in connection with the report. I do not want to lead the committee into error. Properly speaking, as is known to most hon. members, the unemployment assistance provided under this vote really applies only to pensioners, but in order to have an appropriate item under which to discuss the case of non-

pensioners who are unemployed I have suggested to certain hon. members that that discussion take place on this item.

The veterans' assistance commission was set up in July, 1936. It operated until January 6, 1938. It toured the whole country and obtained all available information with respect to unemployment and kindred matters as relating to ex-service men. A report was filed with the department, which has been printed in blue-book form and has been tabled and placed in the hands of all hon. members.

The commission in that report made a number of recommendations. I propose to deal with them one by one. The first recommendation, found on page 65, deals with workshops. It recommends:

Workshops

Whilst it is agreed that the operation of workshops can be considered only as in its experimental stages and whilst appreciating the fact that owing to local conditions it might not be possible to establish workshops in all the important cities in Canada, yet the commission believes that it is justified in recommending:

That favourable consideration be given to any applications for assistance that might be received from the management of any workshop now in existence, or under consideration, providing that it can be shown that the workshop is justifying its existence in the community and that the continued employment of veterans in the workshop is necessary and the objective of revolving labour is being carried out.

This recommendation has been implemented as provision has been made in the estimates for the continuation of the workshops which were commenced by the veterans' assistance commission in Montreal and Regina; also for limited assistance, if necessary, to the workshop project in operation at Moose Jaw.

Montreal

The Montreal workshop was started in January, 1937, and the grants to date to finance its operations amount to $55,000. Eighty men are at present on the pay roll, and 329 men have graduated, through the workshop, to permanent employment in other organizations. This is the valuable feature and the primary objective of the workshop.

An employment division is operated in connection with the workshop and the honorary local committee, with the following results:

Total placements to February 28, 1938	
Permanent	300
Semi-permanent	234
Casual	436
Probational training	86
	1,056

Regina

A grant of $10,000 was made to assist in the development of a workshop at Regina. This was established on the 1st September, 1937, and operating quite successfully, the principal development being the salvaging of building materials. At the present time, a contract is in hand with the city for the demolition of a three-storey hotel building, and the erection of a one-storey store at a contract price of $1,480.

Moose Jaw

A grant of $1,000 was made to a board of trustees at Moose Jaw for the purpose of assisting the operations of a workshop, which has been going for two or three years.

The next recommendation was with respect to probational training:

Probational Training

Recommended that an application be made so as to permit the continuance of the probational training scheme beyond the end of the present fiscal year;

And that the Minister of Pensions and National Health be given discretion:

(a) In the matter of granting training to the younger type of veteran, even if a prospective employer is not in sight, providing that the honorary local committee and the department are satisfied that such training will more readily fit him for suitable employment.

(b) That discretion also be given to the Minister of Pensions and National Health whereby he may authorize the payment of tuition fees for any veteran, otherwise qualified, who may require a short period of coaching, or training, for the employment he seeks, providing that the applicant is willing to study in his own time and without any other expense to the government.

This recommendation of the commission has been implemented as provision has been made in the estimates of the department for the amount considered necessary to allow of the continuation of probational training for the next fiscal year.

Regarding the added recommendations (a) and (b), it is considered that the enabling authority P.C. 1004, dated the 5th May, 1937, allows the department to carry out these recommendations of the commission in special cases.

Probational Training

Week ending March 12, 1938

District	Started	Disc'd	Completed				On strength
			Employed as trained	Employed otherwise	Tourist guides	Not retained by employer	
Montreal	84	12	21	2	45	1	3
Halifax	99	3	41	1	..	12	42
Charlottetown	2	..	2	..	..	..	..
Ottawa	30	5	14	1	..	2	8
Toronto	248	42	133	5	..	21	47
Hamilton	25	5	11	..	..	..	9
London	11	1	7	..	..	1	2
Windsor	3	..	2	..	..	..	1
Winnipeg	49	3	23	..	..	2	21
Regina	6	..	6	..	..	..	..
Edmonton	3	..	..	..	..	..	3
Calgary	15	..	8	..	..	1	6
Vancouver	44	9	23	1	..	4	7
Saint John	1	..	1	..	..	..	..
Total	620	80	292	10	45	44	149
			391				

Expenditure to date: $58,053.

The recommendations with respect to tools, equipment, transportation and repayment fund comes next:

Tools, Equipment, Transportation, Repayment Fund

That as long as the honorary local committees remain in active operation, a sum of money be placed at their disposal through the local units of the Department of Pensions and National Health, this to provide for:

(a) Supply of tools, equipment and transportation to unemployed veterans qualified to follow some recognized trade such as carpenter, mason, plasterer, tinsmith, plumber, et cetera.

(b) Where transportation only is required it is recommended that this be supplied to unemployed veterans proceeding to definite employment in any occupation.

This recommendation has been implemented as provision is being made for the continuation of this assistance, although it has only been taken advantage of to a very limited extent.

With respect to the Canadian corps of commissionaires:

Canadian Corps of Commissionaires

As it is very unlikely that organization of the Canadian corps of commissionaires can be satisfactorily completed throughout Canada by March 31, 1938,

It is recommended:

That favourable consideration be given to the matter of financing the corps' national headquarters' activities beyond the end of the present fiscal year.

This recommendation has been implemented, and limited assistance will be given to the headquarters organization of the corps for next fiscal year, for the reason that it is considered that the success of this scheme depends to a very great extent on its becoming self-supporting.

The next recommendation was with respect to a survey of departments of federal government in connection with employment of veterans:

Survey of Departments of Federal Government in connection with employment of veterans

The commission reaffirms the recommendation contained in its interim report covering a survey of government departments in connection with the employment of ex-service men:

That each department of the federal government be requested to make a complete survey at Ottawa and all branches in the provinces of:

(a) The possibility of absorbing a further number of veterans into government service;

(b) All positions under the jurisdiction of the civil service commission;

(c) All positions that are exempt from the procedure of the civil service commission;

(d) The survey to include harbours, canals, et cetera;

(e) The departments to supply information in the form of a report stating percentage of veterans employed in positions exempt from the provisions of the civil service commission;

That employment upon the projects conducted under the Department of National Defence should be reserved to veterans of the great war and members of the Canadian militia forces, with a preference given to the former;

That in order to promote the employment of a large number of veterans by contractors doing business with the federal government, such contractors be required to supply information as to the percentage of veterans employed, when tendering for government supplies of any kind whatsoever;

That all things being equal, the contractor who employs the largest proportion of ex-service men should have preference in the awarding of the contract;

That in order to set an example to private business firms, the government agree not to dismiss any ex-service men, except for misdemeanour, inability to perform duties in a satisfactory manner, or upon reaching the age limit for retirement.

I am afraid I am not quite clear as to what that recommendation meant. In so far as positions which come under the Civil Service Act are concerned, veterans already have a preference. I do not know what inquiry could be made to ascertain what further preference could be obtained. In any event the committee of this house now dealing with the civil service commission, if it so desired, could make an inquiry into that matter.

With respect to small holdings the commission recommends:

Small Holdings

The commission would not recommend that any more unemployed, either pensioners or non-pensioners, be placed on small holdings until sufficient time has passed to determine whether projects of this kind have a reasonable chance of being successful by making unemployed veterans self-supporting.

If these projects prove successful, and it is decided to increase the numbers,
The commission recommends:

That these be settled under the same control, conditions, supervision, and selection as those with which an experiment is now being made.

The following settlement schemes which are initiated under the direction of the commission are actively under way:

Toronto

Amount granted: $48,000.

This was intended to provide for the placement of 20 veterans and their families on small holdings. Fourteen veterans have been settled so far, and the committee are now investigating and arranging for the purchase of the balance of six holdings.

Windsor

Amount granted: $37,400.

The amount is intended to provide for the settlement of twenty families, and a section of land amounting to approximately 125 acres. Six families have already been settled, and it is expected that the full quota of twenty will be on the property by the 15th April, 1938.

Winnipeg

Amount granted: $16,000.

The Winnipeg committee have settled twelve veteran families, representing fifty-three individuals, on separate holdings. These vary from three to forty acres, and are situated from five to twenty-seven miles from the centre of Winnipeg.

[Mr. Power.]

The next heading is "employment of older type of veteran with dominion, provincial, municipal governments, also private business firms:"

Employment of Older Type of Veteran With Dominion Provincial, Municipal Governments, Also Private Business Firms

That the dominion and provincial governments, cities, municipalities and business firms, who operate superannuation and pension schemes for their employees, be urged to give sympathetic consideration to the employment of the older type of veteran who may have the requisite qualifications for certain positions less suitable for the younger men and yet who cannot fulfil the age qualification; these men to be accepted for employment on the understanding that they will sign a "waiver" of all claim to pension or superannuation on retirement or discharge.

As already indicated in this report, if men, who saw service in a theatre of actual war and who were domiciled in Canada at time of enlistment for service in the great war, should be accepted for these positions. they may on retirement or discharge, providing they are otherwise qualified, be granted war veterans' allowance.

That I take to be a more or less general recommendation, and I do not know just what specific implementation would be called for.

In connection with the employment of veterans on dominion-provincial projects it is recommended:

Employment of Veterans on Dominion-Provincial Projects

It is recommended:

That provision be made in all agreements, covering projects to which the dominion government contributes part of the cost, for the employment of a reasonable quota of veterans, irrespective of whether they have been in receipt of relief during the first three months of the year or not.

It is further recommended:

That veterans in receipt of small disability pensions and relief assistance from the Department of Pensions and National Health be not debarred from employment on these projects.

That provision be made in all agreements, covering projects to which the dominion government contributes part of the cost, for the employment of a reasonable quota of veterans, irrespective of whether they have been in receipt of relief during the first three months of the year or not.

That is being studied; I cannot just say how it would be worked out.

Mr. BROOKS: Is there provision now for a certain percentage to be taken on contract work?

Mr. POWER: Dominion-provincial arrangement?

Mr. BROOKS: Yes.

Mr. POWER: I do not think so.

Mr. BROOKS: I understood there was.

Mr. POWER: No, I do not think so, but I shall look it up. There is a provision, of course, that no man shall be barred from employment on account of political affiliations, race or creed. But I do not know that in connection with dominion-provincial projects there is any special preference or quota for veterans.

Collection of Radio Licences

That the sale and collection of radio licences be assigned to veterans and that post offices, stores and others cease to handle the sale of these licences wherever it is possible to secure the services of ex-service men for this purpose.

In connection with the collection of radio licences I have made certain representations to the Minister of Transport. The subject is receiving consideration by his department. I should like to deal with it at a later date, because it requires further explanation. Briefly I would say this, as I have already said to various veteran organizations, that the best way for them to obtain their preference is to go together as veterans and put up some kind of proposition to the Minister of Transport whereby they would undertake the collection of all radio licences in Canada. I would have the combined veteran organizations lay before the Minister of Transport some specific plan. That would be in the interests of the soldiers and of the government, because the government would have only one person to deal with in connection with all radio licences. That suggestion has been made to the soldiers, and those to whom I mentioned it thought it was well worthy of consideration. So far, however, no specific action has been taken in the matter by any of the veterans' organizations.

With respect to the civil service preference to non-pensioners:

Civil Service Preference to Non-Pensioners

That veterans of the great war not in receipt of pension, but who are otherwise qualified and who served in His Majesty's forces, providing they saw service in a theatre of actual war, be given preference for positions in the civil service of Canada on an equal basis with pensioners when granted marks in the civil service examinations.

This recommendation will do away with the special preference granted to pensioners under the Civil Service Act, as it at present exists. I have referred this recommendation to the Secretary of State, in order that he might pass it on to the committee dealing with the civil service. I imagine it has already reached them.

In connection with superannuation or pension of federal civil servants and service in the great war, the commission recommends:

Superannuation or pension of federal civil servants and service in the great war

The commission recommends:

That the Civil Service Superannuation Act, being chapter 24 of the Revised Statutes of Canada, should be so amended as to provide that the time spent on active service by members of the civil service of Canada, who saw service in the armed forces of the country during the great war, 1914-1918, may be counted for the purposes of superannuation.

This recommendation has been implemented to the extent that reference has been made to the Minister of Finance, for the reason that a change would be necessary to the superannuation act. The suggestion has been offered to him that he might refer the recommendation for the consideration of the parliamentary committee on the superannuation act.

With respect to the unemployed imperial veterans it is recommended:

Unemployed imperial veterans

That notwithstanding representations already made by the government of Canada to the British government, in connection with the problem of unemployed imperial veterans, now resident in this country,

It is recommended:

That a conference be arranged between representatives of both governments, this for the purpose of devising ways and means whereby these unemployed ex-service men who served in His Majesty's forces may be permanently rehabilitated in the land of their adoption or repatriated, if they so desire, to the British isles.

The commission feels that the position in which the unemployed ex-imperial soldier or sailor finds himself in Canada justifies immediate action on his behalf.

The commission stated they felt that the position in which the unemployed ex-imperial soldier or sailor found himself in Canada justified immediate action on his behalf.

Without any government intervention, towards the end of 1937, and I believe at the request of the Canadian legion, a representative of the British legion visited Canada in order to discuss with imperial veterans in this country problems affecting those veterans. I cannot say whether a report has yet been made, but I expect a report will be made to the Canadian legion, and should be published shortly.

With respect to hospitalization of imperial veterans I find this recommendation:

Hospitalization of Imperial Veterans

That, in view of the fact that the number of Canadian veterans resident in the old country who are in receipt of disability pensions is about equal to the number of imperial veterans now resident in Canada who draw pensions for war disabilities from the imperial government.

It is recommended:

That consideration be given to the matter by the Canadian government with a view to arriving at a reciprocal arrangement with the British government whereby hospitalization and medical treatment will be extended by the British government to Canadian pensioners resident in the old country and by the Canadian government to imperial pensioners resident in Canada.

If a reciprocal arrangement could be arrived at, it would, in our opinion, do away with the necessity of rendering accounts for hospitalization and treatment in this connection and facilitate more prompt attention being given when treatment or hospitalization is required.

I can see no possibility of implementing this recommendation.

The British Ministry of Pensions has an office in Ottawa, which deals with all affairs relating to pensions and treatment for imperial veterans in Canada and the United States; and treatment is arranged, on repayment, through hospital facilities provided for by this department. The affairs of Canadian pensioners resident in Great Britain are dealt with through the office of the overseas representative of the department in London, England.

By order in council, P.C. 948, dated the 23rd April, 1937, provision has been made for class 2 treatment, at the expense of the Canadian government, for veterans who were pre-war residents of Canada and in receipt of pension for a disability due to service with His Majesty's forces during the late war.

The next recommendation is:

Indigent Veterans Who Served in a Theatre of Actual War in a Campaign Prior to the Great War

That a sum of money be provided each year to permit payment of a monthly allowance to indigent veterans, who have reached the age of sixty years and who were domiciled in Canada at time of enlistment for service in a war prior to the great war, providing that they saw service in a theatre of actual war and are in possession of an honourable discharge.

This recommendation has been implemented to the extent that an amendment was introduced to the War Veterans' Allowance Act to provide for the admission of veterans of the South African war, on the same basis as veterans who served in the great war.

The next recommendation had to do with soldiers' clubs or hostels and reads:

Soldiers' Clubs or Hostels

The commission made a survey of the operation of a number of soldiers' clubs or hostels in Canada but has not yet had the opportunity of obtaining information covering the activities of the United States government in this connection.

[Mr. Power.]

Soldiers' homes in the United States are operated directly under the supervision of the government.

We recommend, therefore, that, in order that a complete report may be made available, a survey should be made of the United States system of handling soldiers' homes, and upon completion of which, a definite recommendation be forwarded by the commission, in the form of a supplementary report, to the Minister of Pensions and National Health not later than December 31, 1937.

This recommendation has been implemented to the extent that the commission was requested to make a survey and to submit recommendations. The recommendations which are contained in the report of the commission, dated the 5th January, 1938, are receiving the consideration of the department.

By order in council, P.C. 139, dated the 19th January, 1938, a grant of $2,500 was authorized to be paid to the Ottawa Branch of the Canadian Legion, B.E.S.L., for improvements and repairs to the property, or the purchase of equipment for the legion shelter at Ottawa.

By order in council, P.C. 138, dated the 19th January, 1938, approval was given for the payment of a grant of $10,000 to the Red Cross Society of Vancouver, such grant to be used for alterations to and equipment of any building that the red cross may secure for the purpose of a hostel for homeless ex-service men in Vancouver.

The next recommendation had to do with unfit veterans, and reads:

Unfit Veterans

That the War Veterans' Allowance Act be amended by removal of "age 55 years," where it refers to the granting of an allowance because of disability, preaging and general unfitness;

And further, that the act be amended so as to permit a more liberal interpretation of legislation covering the granting of the allowance at any age to a veteran who saw service in a theatre of actual war and who, because of his unfit condition, or other handicaps, is unable to maintain himself.

This recommendation has been implemented by the introduction of an amendment to the War Veterans' Allowance Act.

In connection with a provisional economic allowance for unemployed non-pensioned veterans, the recommendation reads:

Provisional Economic Allowance for Unemployed Non-Pensioned Veterans

That in the case of unemployed indigent veterans who are not in receipt of disability pension and who served in His Majesty's forces in a theatre of actual war and were domiciled in Canada at time of enlistment, unemployment assistance in the form of a provisional economic

allowance be granted during such time as they are unemployed, through the Department of Pensions and National Health.

It is recommended:

That the maximum basic rate of allowance be:

Single men, $18.75 per month.

Man and dependent wife, $30 per month.

It is considered that dependent children are and should remain a responsibility of the provincial or municipal government concerned.

We also recommend:

That no allowance should be paid on behalf of the children of unemployed non-pensioned veterans who would benefit under this recommendation;

That it be understood that no unemployment assistance shall be granted by the department to an unemployed veteran unless he is registered with the Employment Service of Canada, or that evidence is produced to the department that work has been sought and is not available.

Should any veteran, without valid reason, refuse employment for which, in the opinion of medical officers, he is medically fit, he should be denied any allowance.

We strongly recommend that any veteran obtaining, or attempting to obtain, assistance from the Department of Pensions and National Health by fraudulent means should be prosecuted.

It is the opinion of the commission that no ex-service man or his dependents should forfeit their provincial or municipal rights as citizens because of the fact that the veteran concerned has or, if he is married, he and his wife have, been granted an allowance by the dominion government.

We further recommend:

That where application is made by a veteran for an allowance, such allowance shall be granted by the dominion government on the understanding that if he and his family are in receipt of relief, or are eligible for relief, from a provincial government or municipality, the granting and the acceptance of an allowance from the dominion government shall not relieve the province or municipality, in which he may be domiciled, from the responsibility of any obligations to the veteran or his family not covered by the payment of an allowance from dominion government sources;

And that it shall be understood and agreed that the province or municipality concerned will continue to accept responsibility for the payment of relief on behalf of any of the dependents of the veteran, not included in the allowance received from the dominion government;

And also that the provincial government or municipality shall in all cases provide such other welfare services to the veteran or, if he is married, to his dependents, as are unprovided for in the federal regulations covering the granting of the allowance or pension.

That is the main recommendation. An amendment which has been introduced to the War Veterans' Allowance Act is intended to provide for those who have been classified as partly fit and unfit by the commission, but it is not the intention of the government to make any provision for the payment of a grant to those who have been classified by the commission as fit. As I stated the other day, the government prefers to proceed by way of endeavouring to find employment for these men. I want to repeat that the government does not think it should accept responsibility for the care and maintenance, whether by way of an economic allowance or otherwise, of 100 per cent fit men.

I should like to go a little further and say that in so far as I have been able to understand this particular recommendation of the veterans' assistance commission, it has not met with the support of the returned men themselves. I think I have received only one resolution favouring the implementation of this recommendation as made. Every other returned soldier organization has said that they did not want it because it was not enough. They have stated in specific terms that they will take this as a minimum, but they do not want it unless it is specifically understood by the department that the allowance of $18.75 for single men and $30 for married men is the minimum and not the maximum. They go beyond that and ask that non-pensioned unemployed men, not disabled, be given full relief at the expense of the dominion government. In the case of a married man with five or six or more children, that would mean $60 or $70 per month or more on the basis of the Winnipeg rates which are considered to be fairly good. So far as I am aware, there is no demand for the exact implementation of the report of the veterans' assistance commission by any large body of returned soldiers. So far as I am aware, it has only served for the apparent justification for greater demands being made on the treasury. If those demands were acceded to, the very purpose for which this economic allowance was recommended would disappear. The exact words of the recommendation are:

In recommending a basic rate, the commission does so because while it is enough to give them food and lodging, it is not enough to take from them the incentive to take work.

The reason for recommending this economic allowance was in order that the men might have an incentive to obtain work and not that they be maintained in anything like comfort. Every returned soldier organization has requested that at least a reasonably fair rate be granted to these unemployed, non-pensioned, non-disabled ex-soldiers.

I could go on at some greater length to discuss the policy of the department with respect to these men, but in view of the shortness of the time at my disposal this evening I would be quite prepared to discuss

it further at another time. I should like to state to the committee what I believe is the policy that should be followed, generally speaking, by this department, and which I believe has been the aim and object of all governments and of all ministers in the past. This is the formula which has been evolved by the officers of the department, which I think I can say I explained to gatherings of returned soldiers in every section of the country since the last session of parliament and which, so far as the principle is concerned, has not met with any objection:

The first duty of the government is to those of the Canadian army who suffered injuries during service, and to the dependents of those who died.

Second, to those who have given service overseas and are now unable to earn a living owing to age or physical infirmity.

Third, to those yet capable of working but of themselves unable to find employment, by endeavouring to provide facilities and by obtaining the local cooperation and support which will assist in their return to the industrial life of the country.

These provide for consideration, first, to those who served in the Canadian forces; second, to those who were in Canada at the outbreak of the war; and, third, in a more limited degree, to those who came to Canada within a reasonable time after the termination of the war.

I think that statement covers pretty well the general policy not only of myself but of previous ministers with respect to returned soldiers generally, and I think if I remain within the four corners of that I am substantially following what I believe the Canadian people want. I do not think that at present the people of this country are prepared to support and take as a direct responsibility the care of men who are now a municipal responsibility and are not being left to starve because they are being looked after by the municipalities—men who are physically fit and might be forty or forty-five years of age; in fact, two thirds of those reported by the commission as unemployed and fit are below fifty. I do not believe the country wants to pay these fit men an allowance for the rest of their lives.

Item stands.

Progress reported.

On motion of Mr. Mackenzie King the house adjourned at 11.15 p.m.

[Mr. Power.]

Friday, March 18, 1938

The house met at three o'clock.

PRINTING OF PARLIAMENT

FIRST REPORT OF JOINT COMMITTEE OF BOTH HOUSES CONCURRED IN

Mr. E. C. St. PERE (Hochelaga) moved that the first report of the joint committee of both houses on the printing of parliament be concurred in.

Motion agreed to.

NIAGARA RIVER BRIDGE

Hon. FERNAND RINFRET (Secretary of State): Mr. Speaker, in tabling a return to an order of the house passed on February 23 last with respect to Niagara River bridge, I would point out that all the correspondence has been brought down; but no reply has been given to the third question asked by the hon. member for Broadview (Mr. Church), because it relates to a matter of policy, which it is not customary for the government to indicate in advance.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 39, respecting the Dominion Association of Chartered Accountants.—Mr. Plaxton.

UNEMPLOYMENT RELIEF

SETTLERS FROM SASKATCHEWAN DROUGHT AREA IN LOWER MAINLAND OF BRITISH COLUMBIA

On the orders of the day:

Mr. H. J. BARBER (Fraser Valley): Mr. Speaker, I would like to direct a question to the Minister of Labour (Mr. Rogers), which arises out of a problem facing the municipalities of the lower mainland of British Columbia. During the last three years a considerable number of families from the dried-out areas of Saskatchewan have been settling in that part of our province. Apparently they have sufficient to enable them to make small payments on property, but soon find themselves without any means of support and make application to the municipalities for relief.

According to statistics supplied to me by the Reeves' Association of Fraser Valley and which I have communicated to the minister, during the last three years fifteen municipalities have looked after 1,745 of these people, some municipalities looking after as many as 400. The problem is this: These families were on relief in Saskatchewan, paid I believe one hundred per cent by a federal depart-

ment, and the government of British Columbia will not contribute toward relief until the applicant has been domiciled within the province for twelve months. The result is the burden falls 100 per cent on the municipalities; they must provide relief or pay transportation for these people back to their homes. Would it not be possible to continue the federal aid, through proper channels, until these families become settled and in a position to provide for themselves? There is no doubt that a large percentage of them will make good settlers if they are only given an opportunity.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, the hon. member was good enough to give me notice of this question. I shall be very glad to obtain the information and supply him with it as soon as possible.

SEED GRAIN

GUARANTEE OF LOANS FOR PURCHASE OF SEED IN WESTERN PROVINCES

On the orders of the day:

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, I should like to direct a question to the Minister of Finance (Mr. Dunning). I wonder if the government contemplates action early enough this year to provide seed grain for the farmers on the prairies, or will it be necessary to wait until the Minister of Agriculture (Mr. Gardiner) has finished campaigning in Edmonton East?

Mr. McLEAN (Melfort): That is a smart remark.

Hon. CHARLES A. DUNNING (Minister of Finance): The intentions of the government in that regard are set out in an item already on the order paper, of which I am sure my hon. friend is well aware.

WAR VETERANS' ALLOWANCES

EXTENSION OF ALLOWANCES TO INCLUDE CERTAIN OTHER CLASSES—ENLARGEMENT OF MEMBERSHIP OF BOARD

The house resumed from Thursday, March 17, consideration in committee of Bill No. 35, to amend the War Veterans' Allowance Act—Mr. Power—Mr. Johnston (Lake Centre) in the chair.

On section 1—The South African war.

Mr. POWER: Section 1 was allowed to stand as the result of certain representations to the effect that persons domiciled in Canada who served in the South African war in units other than Canadian contingents might properly be brought under the provisions of this bill. I have now drafted two amendments to cover the matter. One is a substitute for paragraph (iii) of subsection 2. Paragraph (iii) reads:

(iii) In the case of the Canadian contingents serving in the South African war, the zone of military operations in South Africa in which Canadian contingents were engaged prior to the first day of June, 1902.

I have substituted:

(iii) In the case of the South African war, the zone of military operations in South Africa in which the forces of the United Kingdom of Great Britain and Ireland were engaged prior to the first day of June, 1902.

That is in order to permit persons who served in units other than the Canadian contingents to come under the bill. It is proposed also to amend subsection 2 of the act by adding after subparagraph (ii) of paragraph (j) the following as (ii) (a):

Any person domiciled and resident in Canada immediately prior to the eleventh day of October, 1899, who served with the forces of the United Kingdom of Great Britain and Ireland in South Africa during the South African war; provided that such person landed in South Africa prior to the first day of June, 1902.

Mr. BENNETT: I suggest that it might be desirable to use, instead of the words in paragraph (hh) "the war waged by the United Kingdom of Great Britain and Ireland. . .," as there is a great difference of opinion as to who started that war, the words "the war between the United Kingdom of Great Britain and Ireland and the Dutch republics." Does the minister not think that that change would be desirable?

Mr. POWER: I think it would be eminently desirable.

Mr. NEILL: Will not the word "domiciled" promote confusion? Wouldn't "resident" be better? The question will arise, what is "domiciled"?

Mr. BENNETT: That is the whole point.

Mr. POWER: That is a very old question. The legal authorities in this chamber might very readily get into some kind of snarl if we started discussing the difference between residence and domicile. We have had the question up time and time again in connection with election acts, and I do not believe it has ever been settled to the satisfaction of everyone. But in this case we should, in my opinion, endeavour to stand by a fairly strict interpretation of "domicile." In its broadest sense I believe it would mean a person who was settled here with his family with the intention of remaining a citizen of this country,

whereas residence would apply to a man who perhaps was here only temporarily while his family was living in some other country. In view of the fact that this is beneficial legislation and not intended to be too wide, we should restrict it to those who were really citizens of this country. Under the circumstances I believe that "domiciled" is the better word to use.

Mr. NEILL: The object was, I understood, to provide for those who went to war, rather than to put it on the basis of domicile in Canada.

Mr. BENNETT: We could not justify this amendment at all if it were based on residence. As I have explained, the theory was that a man left Canada to go to the war and with the intention of returning to Canada. There are two elements which constitute domicile; the first is residence, and the second is the animus manendi, to use the language of the books. In other words there must be the intention on the part of the person who has resided in the country to make it his permanent home. The leading authority is the case of a very rich man from the United States who went to England and lived there for over twenty years. The House of Lords held that he was domiciled in the United States, because he always had the intention, as evidenced by his writings and his statements, of going back to the United States, and that was his home. The question there was one of succession duties. The hon. member for Comox-Alberni (Mr. Neill) with his usual legal astuteness, will grasp the point at once. The reason we are proposing to do something for a man who joined a force that was not a Canadian force is that he had resided here and went away with the intention of returning to Canada as his permanent home—these are the two factors that create domicile. He was therefore domiciled in Canada. If he had been a mere resident in Canada I fear we should have great difficulty in justifying the grant; we should find ourselves in a maze of complex difficulties. The language the minister has employed in the amendment is slightly different from that which I proposed to offer him, but I think his language is better calculated to indicate the thought I had in view. The action taken by the government will be appreciated by many who left here in good faith—because we were not then sending a contingent—joined British forces, and at the end of the war returned to Canada. The test of their ability to get money will be, did they come back to Canada at the end of the war or shortly after?

[Mr. Power.]

Mr. GREEN: The words used in (ii) (a), "any person, domiciled and resident in Canada immediately prior to the eleventh day of October 1899," would not cover the man who went to England and enlisted in 1900 or 1901. Perhaps the wording should be the same as that used in the original War Veterans' Allowance Act: "who was domiciled in Canada at the time that he joined any such force." I think it would be better to have the wording the same for each class.

Mr. POWER: I do not understand the hon. member's objection. Does he mean to try to cover the case of the man who for some reason came to Canada say in 1900 after the war broke out and then decided to go back to England and joined a contingent there? That, I should say, is a very remote occurrence.

Mr. GREEN: That is the way the present act reads with regard to the great war.

Mr. POWER: Is it worth while, for about perhaps ten people, probably not more, to make an amendment?

Mr. GREEN: There may be only ten who are covered by the amendment, but surely they should receive consideration.

Mr. POWER: I do not think there is necessity for the amendment. The case suggested by my hon. friend would not arise. It would involve a man having been resident outside Canada, in England, let us say, at the time the war broke out, then coming here and remaining for a few months and returning to England to join the troops that were proceeding to South Africa, and then coming back to Canada. It is hardly likely that he would have the animus manendi, that my right hon. friend speaks of.

Mr. BENNETT: Those are the only words the books do use to cover it.

Mr. POWER: I can remember pleading a case before the circuit court in Quebec when I endeavoured to show that a man who was employed as a cigar maker in Toronto and had been so employed for twenty years was still entitled to be on the electoral list in Quebec, that since he had that animus he remained on the list. Some will say that he voted though he was absent.

Mr. BENNETT: His political predilections were fairly well defined. May I suggest that the words "and resident" would have to come out, because domicile involves residence.

Mr. POWER: No. My cigar maker was resident in Toronto but was domiciled in Quebec.

Mr. BENNETT: I do not wish to join in any legal argument with my hon. friend, but I would point out that there can be no such thing as domicile without residence; there must be residence to constitute domicile. I remember Lord Haldane discussing the point once in a case in the Privy Council.

Mr. POWER: He does not know Canadian law.

Mr. BENNETT: But it goes beyond that; it is a matter of international law. The leading discussion of it is by a German named Savigny. The Winans case is one I had in mind, another being the case of Vanderbilt, who, it will be remembered, used to drive a four-in-hand to Brighton. The question of his domicile arose. The point I am making is that residence is a first essential; the man must reside in Canada. My hon. friend is dealing with the question of domicile in an interprovincial matter, but in the matter that we are now discussing the veteran must reside in Canada and must have had the intention, evidenced by expression from time to time, of making Canada his permanent home.

Mr. POWER: I still have some doubts as to the interpretation of residence and domicile given by my right hon. friend.

Mr. BENNETT: I will get the authority and show it.

Mr. POWER: However, I am prepared to have the words "and resident" omitted from the amendment, so that it will read: "Any person domiciled in Canada. . .".

Mr. GREEN: The South African war lasted two or three years, and at that time there was extensive immigration to Canada from the British isles. Should we not cover those few men while dealing with the others?

Mr. POWER: Does my hon. friend know one man who would come under any amendment that he would like to propose?

Mr. GREEN: I do not know of any who would come under such an amendment, but perhaps the minister knows of some. Surely, however, the two sections I have referred to should be worded in the same way.

Sir EUGENE FISET: I do not think there would be any.

Mr. BENNETT: There are some in the west.

Sir EUGENE FISET: No. Most of those who did join the imperial units were attached at some time to Canadian units and therefore would come under the law.

Mr. BENNETT: The Strathcona Horse was a Canadian unit in one sense, though not in another. I remember a number of Englishmen joined that unit long after 1899.

Mr. LOCKHART: The minister seems to appreciate the fact that there are many unusual circumstances, and hon. members have pointed out some of the exceptions that might arise. After all, this legislation is intended to cover as broadly as possible all cases that might come under the act. I could relate the unusual situation of one man who was in the South African war. Can the minister suggest under what clause the board has the opportunity of dealing with such exceptional cases?

Mr. POWER: What is the case my hon. friend is referring to?

Mr. LOCKHART: I am referring to some of the possible cases that have been suggested.

Mr. POWER: I do not know of any such cases.

Mr. LOCKHART: Possibilities have been brought to the attention of the minister. The hon. member (Mr. Green) suggested one case and I know of one pretty much along the same lines. Is there any provision in this bill empowering the board to deal with such cases? They are not being given that opportunity. The minister is hewing to the line as closely as possible.

Mr. POWER: That is not quite fair. In the first place, it was brought to my attention last year that a certain number of veterans who served in the Canadian contingent in the South African war might be indigent and might need to be looked after under the act, and in consequence of those representations I brought in amendments this year. Yesterday afternoon my hon. friend from Vancouver South (Mr. Green) stated a hypothetical case of men, resident or domiciled in Canada prior to the war, who served in some imperial unit. I said that I would take the matter into consideration and to-day I have brought in an amendment to cover that case. Now he brings to my attention a very remote hypothetical case of a man who had been travelling between Canada and England during the South African war, and whom he suggests we should cover. I do not know how to do it, and none of my hon. friends have suggested in what way

the act should be amended to cover such a man. I submit that we have gone as far as possible.

Mr. GREEN: I simply suggest that we use the same language as is now used in paragraph (j) (ii) of the original act.

Mr. POWER: We agreed to that half an hour ago.

Mr. GREEN: No, the wording is different. In the original act it is provided:

> Any former member of any of His Majesty's forces or of any of the forces of any of His Majesty's allies who was domiciled in Canada at the time at which he joined any such force for the purpose of the war and who served during such war in a theatre of actual war, . . .

In other words, an Englishman might have come to Canada in 1915 and in 1917 have gone back and joined an imperial unit; he is eligible for the allowance.

Mr. POWER: We are talking about the South African war.

Mr. GREEN: I am asking that the same provision be made for the South African veterans.

Mr. POWER: We have done so as far as we are able.

Mr. MacKENZIE (Neepawa): I wish to congratulate the minister on having brought in this legislation. Sometimes it is difficult to decide who is eligible. I want to state a case that has come to my own notice and ask the minister whether he can give an assurance that it is covered. The man in question is No. 447, No. 4 squadron, Strathcona Horse. He went to South Africa in 1899 and returned in 1901. He was wounded in the foot and hand and has a shrapnel wound in the forehead. He also suffered from dysentery and other sicknesses. Could the minister give any assurance that, if the facts are as I have stated, this man is eligible?

Mr. POWER: Certainly he is eligible, if he served with the Canadians in South Africa.

Mr. BETTS: As to the point raised by the hon. member for Vancouver South (Mr. Green) the minister said that no member of the committee had suggested any way in which what my colleague wants could be done. But I can suggest a very simple way. If in the new paragraph (iii), subsection 2, which now reads "any person domiciled in Canada immediately prior to the eleventh day of October, 1899" the words "domiciled in Canada at the date of his joining any such force" were substituted, or words conformable, the effect the hon. member seeks would be achieved. Even if it touches only one case, or does not touch any, it would bring the new provision into conformity with the present section, and in any event would do no harm.

Mr. POWER: I am afraid it might deprive some who benefit under this amendment of some of their rights.

Mr. BETTS: How could it do that?

Mr. POWER: If the section passes as it is, I do not think there will be any great hardship.

Mr. BETTS: I am simply trying to get better legislation, as we all are, including the minister.

Amendment agreed to.

Section as amended agreed to.

On section 3—Veterans to whom allowance is payable.

Mr. BENNETT: I have no suggestions to offer to improve the language of subsection (c) as it now stands, except that the term "veteran" in the governing paragraph of the section would perhaps render unnecessary the repetition involved in some of the words in paragraph (c). But they are mere repetition, and cannot detract from the value.

Mr. POWER: I did take the opinion of the Department of Justice on my right hon. friend's suggestion, and they pointed out that he had perhaps inadvertently left out reference to "economic handicaps."

Mr. BENNETT: That is true. The hon. member for Comox-Alberni (Mr. Neill) directed my attention to that.

Mr. POWER: And that possibly it might still further restrict rather than broaden the paragraph.

The objection was made by the hon. member for London (Mr. Betts) that in the section as it is in the act at present dealing with persons over fifty-five years of age there is not the same reference to the unlikelihood of these people ever being able to maintain themselves in the future. I discussed that also with representatives of the Department of Justice, and they pointed out that in the paragraph to which he refers in the legislation as it exists at present it was not necessary to mention the unlikelihood of their being able to maintain themselves, because we specifically said that the veteran, in order to profit by that legislation, had to be pre-aged, disabled or generally unfit, and if he were all of those three it naturally followed that he was not likely to be able to maintain himself in the future. For that reason they advised that it

would not have been necessary under the former act to add those particular words in order to get the effect which was desired, either broadening or restricting. The justice department is of the opinion that the amendment as submitted gives to the board ample scope to grant allowance to any veteran who cannot maintain himself and is unlikely in the future to be able to do so, regardless of the nature of his handicaps. That is, I think, the objective which we all want to reach. We all want to cover the case of the man who is incapable of looking after himself and who is partly disabled from obtaining work in highly competitive fields such as we have in Canada. I believe the suggested amendments as brought down in the bill cover that case.

We must leave something to the discretion of the board. Every hon. member who has spoken has told us that the board has in the past carried out its duties to the satisfaction of everyone, has been broad and generous and at the same time just. The greatest compliment we could pay to them would be to allow them to continue to carry on the work which they have been doing in the past without restricting them by any act of this parliament, by any change in phraseology. I think it is giving away no secret to say that the drafting of this legislation, which took considerable time and much thought and consideration, was done in collaboration with the chairman of the war veterans' allowance board.

Mr. GREEN: May we be quite certain that it is the intention of the government that all of the 5,100 odd men who were found to be wholly or partially unfit by the veterans' assistance commission are to be covered by this section as drawn?

Mr. POWER: Subject to investigation. I will not say that every one of those men will immediately get a war veterans' allowance, but it is the intention of the government to take in all the partially fit and the unfit. Whether an individual, Tom Jones, who was categorized as partially fit will come under this legislation, I cannot say. He should, but if for some particular and special reason known to the board he does not, I am not going to be responsible.

Mr. GREEN: But the intention is that that whole group will be covered?

Mr. POWER: Absolutely. This bill is drafted with that intention.

Mr. MacNEIL: Because of the point raised by the minister a few minutes ago I suggest the elimination of the last few words of subsection 2. They appear to be a direction to the board which limits the discretionary power to which he has referred. I am content to see the board have ample discretionary power, but this is in the nature of a direction to use a certain test as to the availability of work. It seems to nullify provisions of paragraph (c) of the preceding subsection. Would not the minister be content to use the very language he used in committee yesterday, when he said he did not intend this act to apply to any veteran who in the opinion of the board is physically and mentally fit?

Mr. POWER: That is exactly what the paragraph says. Let me read it:

(2) The provisions of paragraph (c) of subsection 1 shall not be construed to apply to any veteran who is, in the opinion of the board—

Full discretion is given to the board.

—physically and mentally capable of maintaining himself if work were available.

That puts it on the shoulders of the board and the board only to decide whether the man is physically and mentally capable. We are giving them the widest possible discretion.

Mr. MacNEIL: Would it not be possible to leave out the phrase "if work were available"?

Mr. POWER: No, really we should have something like this in order that ex-service men generally will not be deceived by this legislation. I want it to be clear beyond the shadow of doubt what the legislation means; that it does not cover the man who is able to work, and the only way to do that is to write it into the bill. It would have been much easier for me, and the bill would perhaps have had a far better reception throughout the country, had we left that provision out. But I think we have to be fair to the ex-service men by telling them just who is to benefit and who is not, and it is for that reason this is inserted in the bill.

Mr. BETTS: I am very appreciative of the trouble the minister has taken with this bill in holding over this section and in consulting the Department of Justice. I have the greatest respect for the opinion of the officers of that department, but in this particular case I do not agree with them. I do not think the new section 4 will give the board nearly as wide a scope as the old section. I hold that view because of the reasons advanced just now by my two friends from Vancouver. Therefore, I propose to move an amendment to the bill. In order that the record may be absolutely clear, I shall read the old section, the section which the government is now proposing, and the amendment I intend to suggest.

The section dealt with by this bill is section 4 of the War Veterans' Allowance Act, which is chapter 48 of the statutes of 1930, as amended by chapter 48 of the statutes of 1936. This section reads:

Subject as hereinafter provided, allowances under this act shall be payable with the approval of the board to any veteran who, at the date of the proposed commencement of the allowance, has attained the age of sixty years or is, in the opinion of the board, permanently unemployable by reason of physical or mental disability, or having served in a theatre of actual war, has attained the age of fifty-five years and is, in the opinion of the board, incapable of maintaining himself because of disability, pre-aging and general unfitness, and in either case is, and has for the six months immediately preceding been domiciled in Canada.

Under that section the board is asked to consider whether an applicant is in its opinion incapable of maintaining himself for various reasons. There is no duty cast upon the board of considering the likelihood of an applicant becoming capable of maintaining himself. I turn next to the section proposed by the minister, being section 3 of the present bill, which reads:

(1) Subject as hereinafter provided allowances under this act shall be payable with the approval of the board to any veteran who has been domiciled in Canada for the six months immediately preceding the date of the proposed commencement of the allowance, and who

(a) has attained the age of sixty years, or

(b) has not attained the age of sixty years, but is, in the opinion of the board, permanently unemployable because of physical or mental disability, or

(c) does not qualify by age or disability under the two preceding paragraphs, but having served in a theatre of actual war, is in the opinion of the board incapable and unlikely to become capable of maintaining himself because of economic handicaps combined with physical or mental disability or insufficiency.

I am critical also of subsection 2, which reads:

The provisions of paragraph (c) of subsection one shall not be construed to apply to any veteran who is, in the opinion of the board, physically and mentally capable of maintaining himself if work were available.

I shall not read subsection 3, because I have no quarrel with it. Allow me to review my objections. My submission is that the board is asked in every case to form an opinion whether an applicant is likely to become capable of maintaining himself. I submit that the board will find it far more difficult to grant allowances under these circumstances than it does under the present legislation. At present all they have to decide is whether an applicant is incapable of maintaining himself. This new phraseology makes it necessary for the board to find in addition, as a matter of carefully considered opinion, that the applicant is unlikely to become capable of maintaining himself. The minister has said on more than one occasion that he is particularly desirous of giving the board the widest possible discretion. I agree that that is eminently desirable, but it seems to me that the only possible interpretation we can place upon this language is that it will have the effect of restricting the discretion of the board. It gives them one more point to consider and one more matter in connection with which they will have to form an opinion. Therefore, I say that it is not implementing what the minister has told us is his desire in the matter, nor is it in conformity with the recommendations of the veterans' assistance commission, as found on page 69 of their report. The recommendation in connection with unfit veterans reads:

That the War Veterans' Allowance Act be amended by removal of "age 55 years," where it refers to the granting of an allowance because of disability, pre-aging and general unfitness;

And further:

That the act be amended so as to permit a more liberal interpretation of legislation covering the granting of the allowance at any age to a veteran who saw service in a theatre of actual war and who, because of his unfit condition, or other handicaps, is unable to maintain himself.

There is nothing in that recommendation about the likelihood or probability of a veteran becoming capable of maintaining himself. I submit that the present section is out of line with the recommendations of the veterans' assistance commission. It is also out of line with the resolution passed at the convention of the legion held in Fort William in February of this year. That resolution reads in part:

—and to ensure adequate assistance for those who saw service in a theatre of actual war and who are now by reason of economic conditions combined with their disability, tangible and intangible, resulting from war service, unable through no fault of their own to secure employment.

The minister had this to say in connection with that resolution, as reported on page 1039 of Hansard:

It may be said that in passing this legislation we shall be fulfilling to the utmost the requests of the returned soldiers themselves as expressed through the dominion convention of the Canadian legion held in Fort William early in February—

My submission is that by reason of the phraseology which obligates the board in every case to consider whether a veteran is unlikely to become capable of maintaining himself, the minister's statement is incorrect.

I should like to repeat that I am extremely appreciative of the work of the war veterans' allowance board and I am just as anxious as the minister that this board shall be enabled to operate in the future with completely unfettered discretion. But I do not want to place a board which has been doing good work in an embarrassing position. It has protected the interests of the soldiers and the treasury. It has held the scales in a nice balance between the two interests, and I say that a board constituted as is the present one would be very much embarrassed by regulations placing upon it the duty to consider in each case whether an applicant is likely to become in the future capable of maintaining himself. So far as veterans between the ages of fifty-five and sixty years are concerned, this provision undoubtedly narrows the benefits of the act. It makes the act more restrictive.

So much for a board seized of the right idea in dealing with veterans' administration. Suppose we were to put this legislation in the hands of a board unsympathetic towards veterans, as have been some boards and commissions of which we have had knowledge. I say we are placing in the hands of the board an instrument which would make it very easy for them to grant no allowances at all to the class of men the measure is intended to benefit. I would remind the minister that the personnel of boards changes from time to time, but the provisions we place on the statute books will stay there for some considerable time, and the removal of that which is not in the interests of returned soldiers would involve a great deal of difficulty and expense.

Therefore I move, seconded by Mr. Brooks:

That section 3 of the bill as printed, be amended by deleting the words "and unlikely to become capable" where the said words appear in line 33 thereof;

And by deleting subsection (2) of the new section 4, lines 36 to 39 inclusive of the bill as printed;

And by changing the number of the last subsection of the said new section 4 from (3) to (2).

That amendment, if accepted, would make the new section 4 read as follows:

4. (1) Subject as hereinafter provided allowances under this act shall be payable with the approval of the board to any veteran who has been domiciled in Canada for the six months immediately preceding the date of the proposed commencement of the allowance, and who

(a) has attained the age of sixty years, or

(b) has not attained the age of sixty years, but is, in the opinion of the board, permanently unemployable because of physical or mental disability, or

(c) does not qualify by age or disability under the two preceding paragraphs, but having served in a theatre of actual war, is in the opinion of the board incapable of maintaining himself because of economic handicaps combined with physical or mental disability or insufficiency.

(2) An allowance shall not be awarded or continued under this act to a veteran or a recipient while such veteran or recipient is in receipt of an old age pension awarded under any provincial old age pension legislation adopted in pursuance of an agreement made under the authority of the Old Age Pensions Act.

My submission is that if the present section is so amended the intention of parliament, of the legion convention, and of the minister will be fully carried out.

The DEPUTY CHAIRMAN: The question is on the amendment.

Amendment negatived: Yeas, 24; nays, 61.

Mr. LOCKHART: The amendment has now been declared lost.

An hon. MEMBER: Yes.

Mr. LOCKHART: There is no reason to be proud of it, and I shall give the reason why.

An hon. MEMBER: Nothing to be ashamed of, either.

Mr. LOCKHART: The amendment as proposed by the hon. member for London—

Mr. DUNNING: On a point of order, there has been a vote on the question the hon. member is discussing.

Mr. LOCKHART: I am not speaking to the amendment. The amendment has been decided upon, and we are now speaking to the original section.

Mr. DUNNING: That is right.

Mr. LOCKHART: These words still appear in the section: "—in the opinion of the board, physically and mentally capable of maintaining himself if work were available." If the minister will listen for a moment I shall give details with respect to the point I am trying to make, although I cannot give exact dates. We are attempting to take care of a large number of South African veterans. I do not recall the number; the minister has stated the number.

The two men I have in mind are partially disabled. They have never had relief or assistance of any kind, but through the influence of friends they have been able to earn a livelihood for themselves and their families. I am of the opinion that they will now come under the section of this act which we have been largely discussing. I am not so sure that these men could have obtained employment if it had not been for influential friends helping them. Now if in the opinion of the board such work was available for these men, they may not be ligible under this act. That is the point I want to make clear. These

two men, now fifty-seven years of age, have been able to get work of a certain kind up to the present, but if they are unable to obtain this certain type of work in the future, I am afraid that in the opinion of the board they may not be eligible. The minister said earlier in the session that the board had not discretionary powers, that they had no latitude, but he has said since that they have latitude. I do hope that borderline cases of this kind, where the men are fifty-seven years of age or thereabouts will be able to get the benefit of the act even in the face of the wording of this section.

Section agreed to.

The CHAIRMAN: Shall I report the bill?

Mr. BETTS: No, Mr. Chairman, I have a further amendment to move. I move that a section be added to the bill dealing with the treatment in departmental hospitals of recipients of an allowance under the War Veterans' Allowance Act who are not in receipt of a pension.

Mr. POWER: I would point out that such an amendment would not be in order, because it would involve the expenditure of money.

Mr. BETTS: I think the point is well taken, Mr. Chairman.

Bill reported, read the third time and passed.

FARMERS' CREDITORS ARRANGEMENT ACT

BOARDS OF REVIEW, TIME LIMIT FOR FILING PROPOSALS, ETC.

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee on Bill No. 25, to amend the Farmers' Creditors Arrangement Act, 1934.

Motion agreed to, and the house went into committee, Mr. Johnston (Lake Centre) in the chair.

On section 1—Interpretation.

Mr. DUNNING: Mr. Chairman, in connection with section 1, I am proposing an amendment which, for the convenience of members of the committee, I arranged to have printed in the votes and proceedings of yesterday. It is the only house amendment I intend to propose, and it is for the object of making it quite clear that with respect to lack of privity of contract, cases which have been before the board and have not been dealt with because of lack of privity of contract will not be debarred from being dealt with by the board from now on. Also it is intended to cover cases where the board refused to deal with and dismissed cases on account of lack

of privity of contract, and with a third case where the board of review declined to deal with non-privity mortgages but did actually deal with the farmer's other debts. I will ask my colleague, the Minister of Public Works, to move the amendment.

Mr. CARDIN: I move, Mr. Chairman:

That clause 1 of the bill be amended by adding thereto as subsections (2) and (3) thereof the following:

"(2) If, in the case of a proposal filed prior to the commencement of this act, a debt secured by mortgage, hypothec, pledge, charge, lien or privilege on or against any property of the farmer (hereinafter referred to as the secured debt) has not, by reason of the absence of privity of contract between the farmer and a secured creditor as herein defined, been dealt with by way of a composition, extension of time or scheme of arrangement, the farmer shall be entitled to have the proposal proceeded with or to file a new proposal, in either case, for the purpose of having the secured debt dealt with by way of composition, extension of time or scheme of arrangement in the like manner and with the like results as if this act had been in force at the date of the filing of the original proposal.

(3) In the case of a proposal formulated by a board of review prior to the commencement of this act whereby a secured debt was dealt with, the farmer shall, notwithstanding the absence of privity of contract between himself and a secured creditor as herein defined, be entitled to have such proposal confirmed by the board of review in the like manner and with the like results as if this act had been in force at the date of the filing of his proposal by the farmer."

Mr. DONNELLY: There is one point on which I am not clear. A farmer owns five quarter-sections, against which there is a mortgage of eight or ten thousand dollars. He sells one quarter-section to another farmer for $1,700. The farmer who buys it pays up to a thousand dollars on this quarter-section; he is willing to pay the other seven hundred dollars and wants to get title to the land, but the mortgage company refuses to release it. Does this cover a case of that kind, or not?

Mr. DUNNING: The question is a difficult one to answer, because it presumes a set of circumstances which relate not only to lack of privity of contract but to other conditions which are not dealt with by this section. A simple case of lack of privity of contract is that of a farmer who has bought a farm subject to a mortgage. The mortgagor, however, the one who has real relationships with the mortgagee by virtue of the mortgage document, is not before the board of review. The party before the board of review is the farmer at present living on that piece of land and trying to make his livelihood there. It has been held that the board of review has no

authority in connection with a proposal by the farmer who is living on the land to deal with that mortgage, because the farmer who is living on the land is not the mortgagor.

Mr. DONNELLY: He is not in this case, either.

Mr. DUNNING: That, I think, is the simplest explanation of the law of privity of contract and the sort of case which causes most frequent difficulty. It is that difficulty which we are seeking to overcome in the section now under discussion; I do not know that I can go into the legal position of the case my hon. friend is assuming.

Mr. DONNELLY: Many cases of the kind I have just mentioned come before the board which they are unable to deal with. Take for example a man who buys a quarter-section of land and agrees to pay $1,700. There is a general mortgage against five quarters. The mortgage company refuses to release that quarter-section when the farmer is willing to pay the purchase price. I do not know how such a case is to be dealt with.

Mr. BOTHWELL: It seems to me that the question referred to by the hon. member for Wood Mountain is easy to answer. The Farmers' Creditors Arrangement Act does not deal in any way with the situation presented by the hon. member. It is simply a matter of contract. In the first place the individual who bought that quarter-section had the opportunity of searching the title to the land, and had he done so he would have found the mortgage registered against five quarter-sections. He took his own chances when he bought a quarter with a mortgage sufficient to cover five quarters. The Farmers' Creditors Arrangement Act does not deal with that situation.

Mr. TUCKER: I believe that by the amendment it does, because it is specifically stated, "a person holding a mortgage ... on or against the property of the debtor." It seems clear to me that if a person buys a piece of land covered by a mortgage and the mortgage covers other land besides the piece he bought, the mortgagee "holds the mortgage against the property of the debtor" within the meaning of the act and so is a "creditor" as defined by the amendment. In a case such as mentioned by the hon. member for Wood Mountain the board of review would, I feel satisfied, have full jurisdiction and could make an order separating the obligation and cutting it down to the amount it regarded as proper against the particular parcel owned by the farmer. I do not think there can be any doubt about that.

I should like to bring another matter to the attention of the minister. I do not know whether in the opinion of the law officers it is covered, but I read over the whole amendment to section 1 changing the definition of "creditor" and I doubt whether it would be held to cover such a case as this. A person might sell a parcel of land to A, A might assign the agreement to B, and B might have been farming that land for the last ten years and might have made substantial payments, but with no privity of contract between the vendor and B I doubt whether the definition as given in the proposed amendment covers the vendor in an agreement for sale in such a case, and I think it should, because he is in the same position as a person who buys land subject to a mortgage. To make it abundantly plain, I suggest there should be some such amendment as adding after "thereof" in the fourth line the following words, "or a vendor or his assign in an agreement of sale of property in which the debtor has an interest." Otherwise you are dealing with only half the problem, because many people who have bought land under agreement of sale need the benefit of this bill as much as people who took over land subject to a mortgage.

Mr. STEWART: I think I see two serious objections to this amendment. In the first place it is retroactive; as I understand it, it applies to any farmer whose case has been before the board of review and whose application has not been dealt with because the relation of creditor and debtor did not exist between him and the mortgage indebtedness—he has purchased a farm with a mortgage on it; it is not his debt. Where such cases have been dealt with by a judge and he has taken the application out from under the act because there was no relation between debtor and creditor, or where the application or proposal has been rejected by the board of review or by any tribunal before which it came, can we go back and review all these from the beginning of this act, in 1934? That is the first question.

Mr. DUNNING: Now, I have several questions. I dealt as well as I could with that of the hon. member for Wood Mountain. With regard to that of the hon. member for Rosthern, I can only say that I am advised by the law officers that there is no difficulty whatever along the line that he indicates. As a matter of fact the boards of review have been dealing with agreements of sale cases, very many of them. We have hundreds of cases where—

Mr. TUCKER: Not in Saskatchewan, where there is no privity.

Mr. DUNNING: Well, in cases where there is no privity also in some of the provinces. That is my difficulty in dealing with this act; it has so many different phases in different parts of Canada. But I can assure my hon. friend that the view of the law officers is that the case which he has cited can be dealt with under the language here employed. I think I can dispose of the matter to his satisfaction by telling him that I will give instructions that his remarks shall be noted and the bill will not be passed a third time before consideration has been given to the point which he raised.

With reference to the question of the hon. member for Leeds, the intention is, as I stated, to give the farmer who on account of lack of privity of contract, has been denied approval of a proposal before the board of review, an opportunity to present his proposal again. It is intended also to give to the farmer in connection with whose proposal an adjustment has been made with respect to that part of his debts which could be dealt with by the board, but the board not having dealt with the part affected by reason of lack of privity of contract, the opportunity to go back again and say, "I was denied the full benefit of the act because of lack of privity of contract with respect to my secured indebtedness. Although I did get an adjustment in respect of my unsecured debts I want to come back, now that this amendment has been passed, and have the board consider what should be done with my secured debts which were barred from consideration previously because of lack of privity of contract." It is intended to cover that case and cases also where the board declined entirely to deal with applications because a lack of privity of contract existed. In other words, it is intended to put all farmers, from the commencement of the act, in the same position with respect to this question of lack of privity of contract.

Mr. GLEN: I find that the amendments as now proposed by the Minister of Finance (Mr. Dunning) do not cover any proposed amendments to the act in general. It happens that I have a case which is of particular concern to me, but which has dominion-wide application in the administration of the act; and what I am anxious to know is whether under the amendments we now have I may discuss that case and deal with the rules as formulated under the act. When the discussion took place on the second reading it revolved around the question whether or not the bill should be sent to a committee. The idea was that it should pass the second reading and the Minister of Finance would take into consideration whether or not it should go to a committee. Now we are in committee of the whole, and because I had not an opportunity on second reading to discuss the case I have in mind I should like to know whether I shall be given that opportunity now. I should like to state this case because I must admit that what I have to say is not entirely relevant to the amendments that are now before the house. At the same time I must ask for an opportunity to submit what I consider is a very important matter regarding the administration of the act in Manitoba.

Mr. BENNETT: It was understood that we would be able to discuss any proposals if the bill did not go to a committee.

Mr. DUNNING: There is no doubt that the leader of the opposition (Mr. Bennett) has stated correctly the understanding, and perhaps the proper time to discuss such proposals as do not fall within the four corners of the amendments just suggested would be when the chairman asks us to approve the title, after we have considered the amendments now before the committee. If that is suitable it will facilitate the committee's proceedings and enable us to confine discussion to each section as it is taken up, the understanding being that general discussion of matters not within the scope of the proposed amendments may be had on the title.

Mr. TOMLINSON: This is the first opportunity I have had of noting this particular amendment, and I must say that I cannot agree with it. I know of one particular case—there may be many of them—where proposals have already been made, applications having been made to the official receiver under a conditional sales agreement with respect to farm stock and implements. The vendor, after the application had been made by the farmer, proceeded under his lien, in a legal and proper manner, and sold the goods. This amendment, as I see it, would allow that farmer to make a further proposal as to that lien note or conditional sales agreement, after the sale or the repossession has taken place. I should like to be sure on that point because we have such a case, and I do not think it is fair to the vendor that he should be placed in this position. In my opinion it is one more notch in driving down the price of farms in Ontario. I cannot agree with this amendment, which makes it retroactive.

Mr. STEWART: I mentioned the retroactive feature of the amendment, which is very objectionable and will add to the con-

fusion that exists and the dissatisfaction that prevails in Ontario with the administration of the act. I do not want to go into details of the administration, which I think the minister knows is different in different sections. Some abuses have grown up in connection with the administration. Can the minister give us any idea how many cases would be reopened if this section were passed?

Another feature I had in mind is this. A man buys a farm subject to a mortgage which he has not made, a mortgage made by the man from whom he has purchased, and under this amendment he is entitled to come before the board and have that written down, have it considered, compromised. What position is the original mortgagee in with respect to the man who made the mortgage? His right, I submit, remains, assuming that the original mortgagor is worth the amount, to go to him on his covenant and recover on the covenant in that mortgage. A very nasty complication may arise in connection with that. In one case the debt is written down; the mortgagee gets only fifty per cent and he turns around and says, "All right, I will go back to the man who originally made the mortgage and get my other fifty per cent from him." That man is not before the board of review. The man who is liable on the covenant is not before the board; he is not asking that his debt be compromised. There is a complication there. I do not know in how many cases it might arise, but it is worthy of consideration in this connection, and I do strongly point out again the objection to retroactive legislation of this kind in such cases. In view of the dissatisfaction that exists in Ontario in connection with this act, the effects of it having been pointed out by members of this house on another occasion, the minister would be going a long way and probably counter to the majority of public opinion in Ontario if he enacted this legislation to be effective from this time only; and I am convinced that if he goes back and permits the opening up of those cases that have been disposed of he is certainly going counter to public opinion generally and to the opinion of a good many of the farmers themselves.

Mr. DUNNING: In answer to the question regarding the number of cases that would be affected, our information is that there are about 3,000; that is to say, there have been 3,000 which have not been dealt with by boards of review owing to absence of privity of contract. There is, however, a further difficulty. I am advised that in Ontario some 400 cases have been dealt with notwithstanding lack of privity of contract and those 400 cases are now in the position of being affected by—I had almost said upset by—a judicial decision of which my hon. friend is aware. In Manitoba by the same judicial decision some 150 cases which have been dealt with by the board of review would presumably be affected. That gives an idea of the magnitude and the variety of this problem. At present there are 3,000 cases which could be revived, if revival is the proper word, under the amendment now being considered by the committee. If this amendment does not carry there are about 550 cases which have already been settled by boards of review which will be upset by the effect of judicial decisions in Manitoba and Ontario. That is my understanding.

Mr. TUCKER: In order to get away from this objection about retroactive legislation, was consideration given to the suggestion that the right be given in such cases to make a second application? If that right were given it would also take care of the case of the farmer whose condition had changed or who did not get an order which he could carry out, say in Saskatchewan; it would give him a chance to have his case reviewed. While the act is in force there is no reason why people who did not get the same consideration as others should not have a right to apply again, if they make out a case to have their position reviewed. After all, a person can go through bankruptcy a second time, and I do not see why, subject to getting an order showing that one has a reasonable case for it, he should not be able to have a second order from the board of review under this act, while it is in force.

Mr. DUNNING: There is one piece of information which I did not give to the committee a moment ago, which I should give now as illustrating the problem. In addition to the figures I gave I am advised by the administrator of the act that no less than forty applications for foreclosure were made during the week following the giving of the decision of the Ontario appeal court.

With respect to the suggestion of the hon. member for Rosthern regarding second applications, rather than proceeding in this manner, the government has had to give consideration of course to the possibility of providing for second applications. And we had to give consideration to very many representations from creditors that they also would like a second chance, to upset orders already made by the boards of review. As usual there are two sides to the matter. The government has decided that endless confusion would result and the act be rendered useless if on the one hand we permitted second applications,

or on the other hand gave a right of appeal to a creditor which might upset an order of the board. This kind of legislation, as I said on a previous occasion, is most difficult legislation, but it is at the present time undeniably useful in parts of Canada, and we are all desirous of continuing its benefits, but, as the leader of the opposition (Mr. Bennett) said the other day, it is predicated upon bankruptcy. We must not forget that it is based upon the bankruptcy powers of the federal government, and in dealing with it we must be very careful not to assume that it is entirely for the benefit of debtors. It is not. I think we cannot possibly entertain, much as we would like to do so in connection with individual problems which have arisen, any thought of second applications or on the other hand any thought of providing for appeals from the decisions of the board in the ordinary sense. Of course there are proper grounds for appeal, if in the opinion of any creditor the board has exceeded its jurisdiction or anything like that; I am dealing not with that kind of thing, but with appeals as ordinarily presented to me.

As illustrating the difficulties which do occur in connection with this matter, as to the farm which was the subject of the appeal in Ontario and on the basis of which the judgment was given with respect to the lack of privity of contract feature, that farmer has lost his farm to-day. It is gone and apparently there is no help for it. We have to our knowledge 3,000 cases in which lack of privity of contract constitutes a bar to the privileges of the act, 400 cases in Ontario alone where if this amendment is not passed the settlements made will be invalidated, and 150 cases in Manitoba would be put in the same position. As I say, illustrating the difficulty, over forty foreclosures were applied for in Canada in the week following the decision. We have tried to take into account all the factors on both sides, and while legislation of this kind is always extraordinary, we are dealing with a very extraordinary condition. The amendment proposed is, I think, moderate and reasonable, and, having regard to all the circumstances, the wisest thing this committee can do. I am not saying that we will not consider any suggestions which are made; I hope the committee will advance other suggestions, but I should like the committee to be fully aware of all the difficulties and the magnitude of them.

Mr. BENNETT: What would happen to those foreclosure cases? Would they all be opened up?

Mr. DUNNING: Presumably they are opened up.

[Mr. Dunning.]

Mr. BENNETT: But if this proposed legislation is enacted, what will happen to the actual foreclosure actions?

Mr. LAWSON: Although the minister may have a very sincere desire to help those whose cases have already been determined and who are in a situation where as a result of judicial decision the effect of those determinations is in doubt, I suggest that the amendment now proposed will create confusion more confounded.

Let me give an illustration. The hon. member for Leeds carried the point so far, I should like to take it a little further. What this amendment proposes to do is to remove the bar of lack of privity of contract so that a mortgagee is made a creditor under this act in the field of bankruptcy legislation and therefore within our jurisdiction, where the original mortgagor—we will call him a covenantor to distinguish him from the present owner—where the original covenantor is no longer the present owner. Then the case cited by the hon. member for Leeds arises. The mortgagee now, by virtue of this amendment, being a creditor within the meaning of this act, avails himself first of what he can get under this act, and then sues the original covenantor. Under the law of Ontario the original covenantor then has a right of action—a property and civil right—to claim over against the person who purchased the property from him who was the original covenantor, with whom he has a covenant, either direct or implied, to assume his obligation under that mortgage. Cases have not been unknown in Ontario. I have one in mind—I cannot think of the citation—where a property passed from the original covenantor A to B, from B to C, and from C to D. Then your mortgagee brings an action. In that case the minister will see that here we would have the mortgagee getting say fifty per cent of his mortgage by an adjustment under this act, then suing the original covenantor for the balance, and getting judgment against him. Then the original covenantor may sue the person who purchased from him, and so on down the line. You have five persons involved whom you did not want to hurt, but you have hurt them all by your effort to help someone. Because of the four persons I have mentioned the one who happens to have enough assets to pay the mortgage is going to be stuck in the long run, with no redress. I am sure the minister does not want to introduce legislation which would impose an unfair burden on one class in order to relieve the situation for another class. I suggest that his advisory law officers have hardly thought their way through this pro-

posed amendment to the end. The minister might give serious consideration to the situation which the hon. member for Leeds has suggested.

Mr. DUNNING: I admit at once that the whole thing is a headache; I do not deny that at all.

Mr. TOMLINSON: Might I suggest that this matter could be handled by the local judge who would know the particular circumstances. Why could these farmers who wish to make a second application not apply to the judge of the local court? If, in his opinion, they had not received justice under the original proposal, he could then grant an order. This would take away the possibility of a case arising such as I mentioned where money had disappeared and property had changed hands.

Mr. STEWART: Let us assume that a farmer has got a compromise under this act and has not carried it out; can he, under this amendment, go back and ask for a second hearing when he has not carried out the one made before?

Mr. DUNNING: I am quite sure the board of review would take into account the manner in which he had carried out the arrangement which had been made previously. We must remember that from that point of view this is a judicial proceeding presided over by a judge of the high court of the province. We must not assume that these judges would knowingly do an injustice. I think, when dealing with a difficult procedure, they would approach the matter from a high sense of duty. They cannot have all the matters before them at all times. Creditors do not always take the steps that they should to get all the facts before the board of review. That occasionally happens, although it is not so common with respect to corporate creditors who are usually well represented. Individual creditors are more common in the eastern provinces than they are in the west and sometimes they do not get all the facts before the board of review. Generally speaking, the creditor is well represented now that the act is thoroughly known.

With regard to the suggestion of the hon. member for Bruce, I doubt very much if making the right to go back in cases of lack of privity of contract subject to the decision of a county court judge would be really useful. I would point out that what my hon. friend says about the county court judge in Ontario knowing the people and so on would not be true generally of all Canada. The district court judges in the west have wide areas to serve, and they do not have that intimate local knowledge to anything like the degree my hon. friend points out may exist in some of the older counties of Ontario. It is difficult to make legislation of this kind cover widely divergent conditions in various parts of the country.

Mr. THORSON: The hon. member for York South has raised a serious objection to the amendment as it now stands and I submit that his objection should receive serious consideration. It might be dealt with by making some provision for the satisfaction or discharge of the mortgage when the farmer has paid the amount of the compromise settled by the board of review. In that way there would not be the chain of litigation pointed out by the hon. member. Some general provision might be made to cover similar cases of agreements and assignments of agreements. There could be a general provision to the effect that when a farmer has made a proposal and the proposal has been formulated by the board of review and he has paid the debt as fixed by the board of review, such payment shall operate as a discharge of the mortgage and of all the covenants contained in the mortgage. I think some such suggestion as that should be acted upon. Some such amendment should be made so that the chain of events pointed out by the hon. member for York South cannot happen. If it is decided that the amendment as printed in the bill will remove the bar of lack of privity of contract, then I think it follows automatically and as a matter of justice that all farmers should be dealt with in the same way. If from now on farmers are to have an opportunity of dealing with the person who holds a mortgage against their land, other farmers who have been denied that right in the past should be given an opportunity of taking the same action.

Mr. LAWSON: In view of the support given to my suggestion by the hon. member for Selkirk, it may seem ungrateful on my part when I do not support his, but I am compelled to point out that the whole basis of the jurisdiction of this parliament in connection with this matter is insolvency and bankruptcy. In such legislation as this we are constantly trespassing on property and civil rights, but by virtue of the provisions of the British North America Act we have jurisdiction only when those rights come into the field of bankruptcy and insolvency.

Mr. THORSON: Or when they are ancillary or necessarily incidental.

Mr. LAWSON: I am not so sure they go that far.

Mr. THORSON: I think so.

Mr. LAWSON: In the illustration I gave of the four men, A, B, C, and D, insolvency or bankruptcy would relate only to the debtor and the one who is defined by this act as the creditor. There would be no element of insolvency or bankruptcy with respect to the intermediate men. Consequently I am afraid that if you try to legislate them, into either the loss of their rights or the removal of their obligations, you immediately get into the field of property and civil rights. Then your whole amendment or section would become ultra vires.

Mr. McNIVEN (Regina): Does the order made by the board of review not contain the provision that the creditor shall accept the settlement in full satisfaction of his mortgage?

Mr. LAWSON: That is beside the point.

Mr. McNIVEN (Regina): How could he proceed all along the line against A, B, C and D? Before any action under the mortgage can be taken in Saskatchewan, a permit must be obtained from the debt adjustment board. The common practice is to permit foreclosure proceedings, but on the personal covenant no judgment can be obtained.

Mr. LAWSON: By reason of provincial legislation.

Mr. DUNNING: That is not the case in Ontario.

Mr. McNIVEN (Regina): I understand there is a moratorium in Ontario. I saw in either the Toronto Star or the Globe and Mail yesterday where the legislation had been extended. Mr. Macauley protested when this legislation was extended to the end of 1939.

Mr. STEWART: Not in the same terms.

Mr. McNIVEN (Regina): He said we were jumping too fast. They also dealt with interest up to October 1 of this year. I thought the necessity for legislation of that kind had long since passed in Ontario. It seems to me that in the case cited by the hon. member for York South, he as mortgagee could sue one or other of the covenantors only if he still retained the property and was able to transfer it upon payment.

Some hon. MEMBERS: No.

Mr. THORSON: No; that is only the case in Manitoba and Saskatchewan, by special legislation.

Mr. McNIVEN (Regina): It is inherent in mortgage law.

[Mr. Thorson.]

Mr. LAWSON: No. If the hon. member will permit me, he will agree with me when I state this: The mortgagee must always be in a position to deliver the mortgaged property to the mortgagor, if the mortgagor comes in and pays the debt. But where a mortgagee has proceeded by public sale, and he realizes so much out of the mortgage, after due notice to the mortgagor he can still sue the original covenantor on the covenant.

Mr. McNIVEN (Regina): But not on foreclosure.

Mr. LAWSON: I shall first answer the question asked by the hon. member, and I am somewhat loath to do this, because I dread trying to give legal opinions extemporaneously. I would rather look them up.

Mr. STEWART: And without a fee, too.

Mr. LAWSON: Yes; but one has to do this in the public interest. I should like to draw these facts to the attention of the hon. member: A mortgage in Ontario is a combination of at least two, if not three things. It is a combination of pledge and hypothecation whereby you transfer a fee simple. The mortgagor has nothing left but the equity. Second, it is a contract, in which contract the mortgagor gives a personal covenant under seal to repay the mortgage money. The mere disposition of the hypothecation, or transfer of the fee simple, does not, of itself, wipe out the liability of the covenant under seal, unless it is done in a manner prescribed by the statutes of the province, in which event it may amount to a discharge of the obligations of the covenantor, as well as a discharge of the mortgage itself, and automatically a retransfer of the fee simple.

Mr. McNIVEN (Regina): You have to foreclose his equity of redemption.

Mr. LAWSON: If you want the equity as well as the fee simple.

Mr. DUNNING: There are three speaking at once.

Mr. STEWART: The more one considers this legislation, the more difficulty arises.

Mr. DUNNING: And the more you live with it, as I do.

Mr. STEWART: We have to live with it, too, but from a different angle. To my personal knowledge judges have on two or three occasions made orders that a mortgagee can proceed with the foreclosure of his mortgage because the relation of debtor and creditor did not exist between the farmer who bought the farm with the mortgage on it,

and who did not therefore come under the Farmers' Creditors Arrangement Act, and the other party to the contract. That mortgagee has proceeded to foreclose his mortgage and to sell his property. If this legislation passes, what position is he in?

Mr. PERLEY: A few moments ago the hon. member for Leeds made reference to a case where a debtor had not been living up to the terms of settlement. This brings to my mind many cases in Saskatchewan where, debtors having taken their cases to the board of review, decisions have been handed down and settlements made. But through no fault of their own those people have not been able to live up to the terms of settlement. They have not been making any effort to beat their creditors, but they have been placed in that position because of climatic conditions in the province, and because they have had no crops. Would the minister be willing to insert an amendment whereby such debtor would not be considered in default, and might have the privilege to—

Mr. DUNNING: Would the hon. member permit me to interrupt? Possibly he was not in the chamber when we made the mutual agreement that we would endeavour to stick to the matter dealt with in the sections of the bill, on the understanding that when we came to pass the title, matters which were not dealt with in the bill, but which members believe should be dealt with, might be considered. To discuss that point again at this time would be confusing, and an opportunity will be afforded at the time I have indicated.

Mr. PERLEY: I spoke because the hon. member for Leeds had opened the matter.

Mr. DOUGLAS (Weyburn): I am in favour of the purpose behind the amendment, but its legal terminology has me almost as much confused as was the Minister of Finance a few moments ago when the hon. member for York South was mortgagoring and mortgageeing.

Mr. LAWSON: Well, that is scarcely a tribute to my clarity.

Mr. DUNNING: I think the hon. member for York South was particularly lucid, if I may say so.

Mr. DOUGLAS (Weyburn): It may be necessary for the law officers of the crown, in company with the Minister of Finance, to make certain changes in order to meet the problems which have been raised in connection with litigation against mortgagees. But in any change which may be made I do hope the minister will not forsake the principle stated in the amendment, namely to give the benefit of these amendments establishing a privity of contract, even if there is no relationship between debtor and creditor. I trust he will not permit that benefit to be taken out, and the retroactive value of the section lost.

There are two classes of people to be kept in mind. First of all there is the farmer whose case was not dealt with or whose case was rejected, who did not have a proposal formulated, who has had none of the benefits of the legislation and who through no fault of his own, but simply because certain provisions were not in the act which are now to be in it, is now debarred from the protection of the act. It would be manifestly unfair to refuse a man protection under the act merely because in days gone by it did not provide certain provisions it will now contain.

The other class of persons to be kept in mind are those who did have a proposal formulated under the act, but where there was no established privity of contract and who, as the Minister of Finance has said, are now in danger of having their cases upset. Although I believe the boards of review are sufficiently familiar with the circumstances with which they are dealing to make provision for the sort of thing I have indicated, when they are formulating a proposal, I hope the Minister of Finance will not remove the retroactive feature in the amendment he now proposes to the committee.

Mr. TUCKER: Right along we have had in the act the difficulties raised by the hon. members for York South and Leeds. We might have a farmer who owed money on a note to a bank. The note would have an endorser, and the farmer would apply for an adjustment of his debt. The debt would be cut down, say fifty per cent, and the bank would immediately turn round and demand payment of the balance from the endorser. Of course, that is the inevitable result of legislation like this.

Listening to some hon. members one is led to the conclusion that they must believe they can make an omelet without breaking an egg. No one would suggest you could give relief to certain debtors without seemingly injuring creditors, endorsers and guarantors. But there may be something in what the hon. member for Selkirk has said. I realize there must be grave doubts as to whether you can provide that the order of the board of review, when carried out, should discharge the entire obligation—even if it were also owed by a third

party—and whether that might be regarded as an encroachment on the field of property and civil rights and so beyond our jurisdiction.

There is something, however, in what the hon. member for Selkirk says, that one might say that it was necessarily ancillary to giving effect to intentions under bankruptcy powers. For an example that has brought home the situation to me in the last couple of years: Practically every farmer owing money to a bank has one or two endorsers, and the result is that so far as the banks are concerned the act is not helping them as much as it should, because those banks immediately turn round and demand payment from the endorsers. If they are substantial endorsers, the banks do not care to what extent the debtor's obligation is written down. If you are prevented from legislating effectively in the field of bankruptcy, as you are, by that situation, it seems to me it must necessarily follow that you would be held to have the power to enter that field in order to make good your intention in regard to legislating in connection with bankruptcy. In other words, you might be held to have that power as necessarily ancillary to your powers to legislate in bankruptcy. It is, I realize, a matter of grave doubt, and if it is to be considered at all I think it should be considered as well in regard to endorsers of notes, and so on, with respect to every individual who is liable under an obligation which is written down by the board of review. It would be a very fine thing if you could provide that the obligation so written down is the limit of the amount of the obligation of every party to the transaction. There was some suggestion that that was the effect of the law until we got decisions from the courts to the contrary; in other words, if a debt of $100 was written down to $50, that was the total amount which was owed by anybody, and if that note had been paid, there was no obligation on the endorser any more than the maker to pay any more than the $50. In other words, the face of the debt was written down to that amount. But the courts decided otherwise. Now if it was thought seriously by the courts that the legislation already passed possibly had that effect, they must have thought that parliament had the power to pass such legislation, and so I suggest that it is worth while giving consideration to the question whether, when a debt is written down, it should not be provided that that is the total amount of the debt owing by anybody, and there should be no recourse for any further amount against anyone.

[Mr. Tucker.]

Mr. LAWSON: If I might be given just two more minutes, I promise to take no more time of the committee, but I should like to clarify my position. The hon. member for Rosthern has the happy or unhappy faculty of using terms which would leave on the country the impression that I was endeavouring, in the objections I have raised, to worry about the creditors instead of the debtors. My hon. friend has missed the point. The whole point I am raising is: Do we gain anything by relieving one debtor in order to pile all the debt on to another debtor? My hon. friend used the illustration that we cannot make an omelet without breaking eggs. That is not the point. All I was trying to point out was that you have the omelet and you cannot unscramble the eggs in the omelet and put the eggs back into their respective shells.

Mr. THORSON: I think the hon. member for York South has made a valuable contribution to the debate because he has pointed out a situation that will undoubtedly develop. I should like to endorse the proposal of the hon. member for Rosthern that the suggestion made by me a moment ago should be very carefully considered by the law officers of the crown. I submit that it cannot be reasonably contemplated that our legislation should result in the chaos that the hon. member for York South envisages, and therefore we must have power under our bankruptcy and insolvency jurisdiction to invade what would otherwise be the provincial field, so that chaos and confusion would not result. Consequently we must incidentally touch upon what would otherwise be property and civil rights. I make the submission with deference that the amendment that I suggested would be within our jurisdiction as being ancillary or necessarily incidental to bankruptcy or insolvency legislation.

Mr. DUNNING: Mr. Chairman, I do not think I should press this section as amended to a vote to-day. This is one of the most difficult matters, and I should like to have the opportunity of submitting to the law officers of the crown the suggestions that have been made by various legal members here this afternoon.

With respect to the chaotic condition portrayed so clearly by the hon. member for York South, I disagree entirely that he mixed us all up. I admit that these matters are a little confusing to the lay mind, and in that respect I sympathize with the hon. member for Weyburn, but the situation delineated by the hon. member for York South was crystal clear. I would point out that section 5A of the existing act does clarify the posi-

tion of this legislation with respect to any possible infringement on property and civil rights. Section 5A reads:

> No proposal under this act nor the approval or confirmation thereof shall release any person who, under the Bankruptcy Act, would not be released by an order of discharge if the debtor had been adjudged bankrupt nor shall the approval or confirmation of a proposal release any security given by any third person.

It is quite evident that the framers of the act had in mind the desirability of keeping clear of any possibility of unconstitutionality by invading the sphere of property and civil rights, but section 5A is not at all affected by what we are proposing. I merely suggest that.

With respect to the other suggestion from the hon. member for Selkirk and the hon. member for Rosthern in regard to drafting something based upon our old friend the ancillary powers' feature of the constitution, this, as is well known is always introduced by those of us who desire to make what we deem to be constitutional progress but are barred by what looks like the plain intention of the constitution. My hon. friends will forgive me for saying that; but I have been listening for twenty years to attorneys-general and others arguing about the constitution and the extent to which the ancillary powers' section of the constitution goes, and always those who want to do a certain thing like to see if we cannot make it ancillary to something which we have undoubtedly power to do.

The discussion this afternoon has been informative from the legal point of view. The government do not desire to depart from the intention expressed in this amendment for the reason that we are convinced that by and large the greatest good for the greatest number will result from some such action as is here proposed; or perhaps I should put it another way, that the least harm to the least number will result, after having examined all the practical circumstances we can and what has come to our attention in the reports from various provinces and from the boards of review. At the same time I should like to have the discussion of this afternoon submitted to the law officers of the crown and the section now under discussion held over to a future occasion, and therefore unless someone has something further to contribute on this particular point I would suggest that the section stand.

Mr. THORSON: The minister has made reference to section 5A of the act. It is section 5A which has caused some of the grief to which the hon. member for York South has made reference, and I should like to suggest that section 5A might also be reconsidered by the law officers of the crown with a view to amendment of it.

Mr. LAWSON: Section 5A as it stands, as the hon. member for Selkirk I think will agree, really and distinctly puts the secured creditor beyond interference, because it extends the whole power under this act only to the same extent that we have it under the Bankruptcy Act, and secured creditors are not interfered with under the Bankruptcy Act.

Mr. THORSON: That is why I made the suggestion.

Section stands.

On section 2—Deceased farmers.

Mr. THORSON: Mr. Chairman, I doubt the wisdom of section 2. It would seem to me that section 2 proposes to make a drastic interference with the general law relating to the administration of estates. Under this proposal it might happen that an insolvent estate which would leave nothing to any beneficiary of the estate would be dealt with by a board of review in such a way as to create for a beneficiary something to which he is not now entitled at all.

Mr. BENNETT: How would that happen?

Mr. THORSON: This was pointed out in a case in Saskatchewan—I have it here—in re Hockley, which was decided in 1936 and is to be found in volume 2 of the Western Weekly Reports of that year. It came before chief commissioner Maclean of the board of review of Saskatchewan. In that case the liabilities disclosed amounted to $20,843. The only assets of the estate were the land in question, five shares in a telephone company, and two townsite lots. The administrator had valuated all these assets at $10,700. The board of review points out that the estate is clearly insolvent; that there is no surplus over and above liabilities and therefore nothing left for division amongst the next of kin, and the board goes on to say that it is not one of the purposes of the Farmers' Creditors Arrangement Act, 1934, to reduce the liabilities of an insolvent estate to a point which would create some estate for division among the next of kin. This section would therefore, I respectfully submit, provide an estate for someone who might not be a farmer, for somebody who under the existing law is not entitled to any part of the estate. I think this goes beyond the essential and basic purpose of the Farmers' Creditors Arrangement Act.

Mr. STEWART: I agree with the statements made by the hon. member for Selkirk. The

original intention of the act was perfectly clear, namely to keep a farmer living and working and carrying on upon the farm under such conditions that he might be able to continue and to pay his debts, and it would be in the interest of creditors that that should be done. But a reasonable compromise should be made. This goes a step further than the original intention of the act.

Mr. TUCKER: The preamble of the act provides that "it is essential in the interest of the dominion to retain the farmers on the land as efficient producers." The amendment specifically proposes that it shall apply only where one of the beneficiaries is remaining on the land. It reads, "being satisfied that a member of the family of the decedent resides and will continue to reside upon the farm of the decedent and intends and is able to operate the same." That brings it strictly within the terms and intentions of the original act. In Saskatchewan, time after time, when farmers have died the family carries on upon the farm; it is known as practically a family farm, and the family, the head of the farm being dead, need help more urgently in order to carry on than they did when the head of the household was alive. It is just as important to keep that family there on the farm, farming it, as it was to keep them there when the head of the household was alive. That was the essential purpose of the act, and it is being carried out by this amendment.

I suggest, however, that there should be an amendment in order to carry the intention of the act fully into effect. The present amendment refers to the farmer who "was at the date of his death unable to meet his liabilities as they became due." The essential part was "at the date of his death." There are many cases throughout the country of farmers who died, probably in 1929 or 1930, in fairly good circumstances. The family carried on upon the land, endeavouring to farm it, and in many cases getting along fairly well; but at the present time they, like their neighbours, are unable to meet their debts as they become due. I submit that they should have the right to have their case considered so that they can remain on the land as "efficient producers," and the amendment I suggest to the minister is that the subsection should read in this way, "whose legal representative from the assets of the said farmer's estate is unable to meet the liabilities of said estate as they become due." That would mean that all they would have to show would be that, when the legal representative applied under the act, at the time of application, which might be to-morrow, the legal representative is unable to meet, from the assets of the estate, the obligations of the estate as they fall due. If the clause is left as it is now, many people who should have the benefit of this amendment will not get it, because there are many estates which cannot meet their obligations as they fall due to-day which could have met them in 1929 or 1930 when the estate came into being. While I suggest that consideration should be given to some such amendment, I commend the government most earnestly for the amendments they have proposed; they will certainly be very gratefully received by the farmers and people generally, at any rate in the province of Saskatchewan.

[Mr. Stewart.]

Mr. DOUGLAS (Weyburn): I am in hearty agreement with the sentiments expressed by the hon. member for Rosthern. This act was passed, as has been said, to take care of insolvent farmers, and for that reason was found by the judicial committee of the privy council to be intra vires. There seems to me no reason, then, why families of deceased farmers or the legal representatives of such families should not receive the same benefits. A number of cases could be mentioned—the Hockley case, cited by the hon. member for Selkirk, is one in point—where a family endeavouring to carry on farming operations are denied the protection of this act by virtue of the fact that they do not come under the definition of "a farmer" as it is now contained in the act. I believe the amendment suggested by the minister would cover such cases. I know a number of cases where the husband has died, leaving the wife with a family of children none of whom is old enough to come under the definition of the act or to own the property, and to deny them the privileges of this act would be to make it impossible for them to continue as efficient producers on the soil, which is the object of this act.

Mr. BENNETT: Under the amendment the widow would be the member of the family who, residing on the place, would be entitled to the possession.

Mr. DOUGLAS (Weyburn): Yes. That is why I am in favour of the amendment. The widow or her legal representative would be able, under this amendment, to carry on with her young family the operation of the farm. That is why I support this amendment. But there is nothing in the section to say that this will be retroactive in the same way as the former amendment.

Mr. DUNNING: Automatically so.

Mr. DOUGLAS (Weyburn): That covers the point. I have in mind this Hockley case and several others. These people would now, as I understand the situation, be permitted to remain on the land in view of the fact that the bar which affected them before is now removed. Is that correct?

Mr. DUNNING: There is no doubt about that. I am advised that that is the opinion of the Department of Justice.

Mr. TUCKER: I think there is a very real point in what I stated a moment ago.

Mr. DUNNING: I am in very grave doubt about that. The hon. member supposes a case in which a man was solvent when he died, whenever that may have been. The estate may have been carried on by virtue of the terms of the will for twenty years or more, or any length of time, during a long period in which this act was not in force. The act came into being only in 1934, but we are asked to open the way for the executors of that estate to take advantage of these provisions because in their operation of the business they have arrived at a point where they need some adjustment. I am much more anxious to deal with the sort of cases that are familiar to all of us, where the farmer has died with an application before the board. That is the hardest kind of case. The widow has enough trouble anyway, particularly when she has small children and finds that all the proceedings which have been taken hitherto have become null and void. We want to cover that sort of case. Do we not also want to cover the other type of case where the man died insolvent but had not yet made an application. He died insolvent since—

Mr. BENNETT: He was within the act.

Mr. DUNNING: He himself was within the act, but he died. To extend the act to the class of cases mentioned by my hon. friend from Rosthern would open up the field, and I cannot see the necessity for that. Certainly the important thing is to deal with cases of real hardship. It is not the intention at all to make the benefits of this act available to heirs who are not resident on the farm. The whole intent of the act is preserved in the proposed amendment. The widow or member of the family—and "member of the family" is defined—must satisfy the court that they can and will live on the farm, and in such case the court can make an order enabling them to do so. In all conscience, if we are willing by this legislation to provide means whereby a court can make an order that a farmer may stay on his farm and operate it, surely it is even more important that when he is dead and gone we should make it possible for his wife or son or somebody to have the advantage which the father would have had, had he lived. I earnestly hope the committee will see eye to eye with me, and adopt this amendment.

Mr. THORSON: I am in sympathy with the object sought by the amendment, but I point out that the amendment will confer benefits upon persons who were not contemplated originally by the Farmers' Creditors Arrangement Act.

Mr. BENNETT: Do you mean section 6A?

Mr. THORSON: Yes. There is the difficulty that, as a result of the operation of this amendment, estates will be created for persons who are quite outside the original scope of the act, which was to help efficient producers to remain on the land.

Mr. TUCKER: In reply to the minister, there is this discrepancy which I would bring to his attention. If a person twenty years ago was insolvent and died, his personal representative could apply under this act; but if the man died five years ago and his estate was perfectly solvent when he died but became insolvent owing to recent conditions, his representative could not apply under the act. That is an inconsistency which, in my opinion, should be given consideration. There is no doubt that even if a man died thirty years ago and was insolvent when he died, his personal representative could apply under this act as it stands. But if he died five years ago, being solvent at the time, and his estate became insolvent subsequently owing to conditions that had arisen, application could not be made. I think some consideration should be given to this point and an effort made to extend the scope of the amendment and make it more consistent in this regard.

There is another point I would mention. It is provided that the legal representative of the decedent may apply to the court. I suggest that in order to cut down expenses the words "ex parte" should be inserted, so that there would be no necessity of proceeding by the more expensive method of notice of motion.

Mr. BENNETT: I agree with the observations of the hon. member for Rosthern. I was going to make a suggestion, not as regards the widening of the section but with respect to its inconsistency, which he has pointed out. Paragraph (b) of section 6A would have to read: "Was at the date of his death, since the coming into force of this act, unable to meet his liabilities as they

became due." The main act came into force in 1934, and it is clear that there is no answer to what the hon. member for Rosthern and the hon. member for Selkirk have said. You create a new class of those who died prior to 1934 and whose descendants can now take advantage of the act. I do not think that was intended; it would be manifestly unfair. I appreciate the intention, but there is no answer to what both hon. gentlemen have said in that regard. The minister will see the force of that at once.

On the second point which the hon. member for Rosthern has raised, I was going to suggest that there should not be any application at all to the court. I do not see why there should be an application to the court for the purpose of enabling the representative of the decedent to carry on his proceedings. He might use the authority of this act, rather than an order of the court. Should we add the expense of an order of the court? I agree with what was said by the hon. member for Rosthern in that connection. I wonder if it would be proper at the moment to make a few observations with respect to this statute? I might point out that there is no title to the bill. I did not call the attention of the minister to that fact when he suggested that general discussion might be had upon the title being passed. I know he did not intend by that observation that there should not be further discussion.

Mr. DUNNING: I should have said, "at the conclusion."

Mr. BENNETT: Does the minister not think the section should stand to be dealt with further?

Mr. DUNNING: The important question raised by the leader of the opposition, based upon the remarks of the hon. members for Selkirk and Rosthern, is in connection with paragraph (b):

Was at the date of his death unable to meet his liabilities as they became due.

The crux of the question is: Should we put in at that point, after the word "death," the words "since the coming into force of the Farmers' Creditors Arrangement Act," or should we amend the section in the manner suggested by the hon. member for Rosthern so as to make it applicable to all estates whenever and however created?

Mr. BENNETT: I hardly think we should adopt the latter suggestion.

Mr. DUNNING: That is my point. My right hon. friend agrees with the hon. member for Rosthern as to the presence of the difficulty but not as to the extension of the remedy.

[Mr. Bennett.]

Mr. BENNETT: I do not think so. I agree with what the hon. member for Selkirk says in that regard.

Mr. DUNNING: If I gathered correctly the view of the hon. member for Selkirk, the difficulty would be met by making the paragraph read "since the coming into force of the Farmers' Creditors Arrangement Act."

Mr. THORSON: I think it was the hon. member for Rosthern who spoke of that.

Mr. DUNNING: That would not meet the hon. member's point?

Mr. BENNETT: It would meet it as to the rights of those not intended to be dealt with.

Mr. THORSON: Yes, it would meet that.

Mr. DUNNING: As to the application to a court, it was thought that it would be better to have an ordinary court decision as to the question of intention to reside and all those matters which would constitute entitlement to apply to the board of review. The board of review being constantly engaged on matters of adjustment, it would be set by this to try a new sort of thing, as to intention and ability and all that. It was thought better to send the applicant to the court.

I think, however, in the light of the discussion so far, I had better let this stand for further consideration. I have not yet got an expression of opinion as to whether the words "ex parte" as suggested by the hon. member for Rosthern would cover that point as to application to the court.

Mr. BENNETT: If it is only a matter of procedure, there are no rights to be affected, I think the hon. member for Rosthern is right; it should be done ex parte as a matter of saving expense. No one in particular is interested in that phase except the family itself and the board. If the minister concludes that an order of the court is essential—frankly I do not agree with him in that, but it is not a matter of importance—if we are to have an order of the court I think it should be done ex parte.

Mr. DUNNING: The question of convenience enters in. "Court" here means district court or county court, and therefore is easily accessible to the party, whereas the mere business of getting before the board of review, when there is only one board in the province, is rather difficult. However, we shall let the section stand; the discussion has been enlightening and helpful.

Mr. TUCKER: Before we pass on, I support the leader of the opposition in regard to the suggestion that perhaps it is not necessary to have a court application at all; for if anyone applies under this section who has no right to come under it, that point could be raised before the board of review itself, which is presided over by a high court judge, and if he cannot justify his position as having a right to be there, no order will be made by the board of review. Even if you permit it to be done ex parte, it is putting people to unnecessary expense. I did not venture to suggest such a great change as the leader of the opposition has suggested, but I would be in favour of it if it could be considered.

On the other point, if you think of limiting this section to people who died after the coming into force of the act, which was July 3, 1934, you very seriously limit the effect of this section, because that is limiting it to people who died within a period starting a little over three years ago. I suggest that there is no particular reason to be so hard on people the head of whose family died during the period of this depression. If the suggested amendment were made, the family of someone who died in 1930, no matter how much he left his family in need of help by an act like this they would not be able to get the benefit of this amendment. I suggest that the whole purpose of the amendment is to make the act apply to estates as well as to individuals. All that an individual has to show is that at the time when he is applying he cannot pay his debts as they fall due. We should put the same test upon the representative of an estate, to show that when he is applying he cannot out of the estate pay the debts of the estate as they fall due. The limitation proposed by the minister would, I feel, sweep away practically half the benefit of this amendment.

Mr. DUNNING: I do not agree with that. However, we shall let the section stand.

Section stands.

On section 3—Stay of proceedings.

Mr. BENNETT: A recent decision of the court of appeal in Alberta indicates that the provisions of the Bankruptcy Act with respect to failure on the part of a farmer or his successors to implement the terms of the composition create a situation which has led to some difficulty. Mr. Justice Ford dissented from the judgment of the court, which was delivered by the chief justice and concurred in by the other three justices of appeal. I have no doubt the department is familiar with that decision; the case was The Commercial Life Assurance Company of Canada v. Makary Strynadka.

Could not section 11 be extended so as to make it clear that there would be no difficulty about the point? The district court judge dealt with the matter in question. Payments had been ordered by the board to be made in 1936 and the farmer did make some payments, but defaulted in 1937; notice was given for a receiving order, and an order annulling the composition, extension or scheme of arrangement. The question that had to be decided was whether or not such application should be made under the provisions of the Bankruptcy Act or under the provisions of the Farmers' Creditors Arrangement Act. The judgment of the court sets out at considerable length the relevant statutes, and concludes that the district court judge was right in refusing the order under the Bankruptcy Act. Mr. Justice Ford came to the conclusion that under the provisions of the act itself there was power to annul the composition. Now I have a clear appreciation—if one might rely on one's own memory about the matter—of what we intended to do by that act. It was intended that if the debtor did not carry into effect the provisions of the arrangement with his creditors, he might be placed in bankruptcy, and it was intended that it should be done under the provisions of the statute itself. Mr. Justice Ford put the matter very fairly when he said:

> The Farmers' Creditors Arrangement Act is the principal act and the Bankruptcy Act is the auxiliary. From the time when the farmer makes a proposal for a composition, extension of time or scheme of arrangement, his property is deemed to be under the authority of the court, limited of course within the terms provided, pending the final disposition of any proceedings in connection therewith, including the proceedings which may be taken in the case of failure to carry out the terms of a confirmed proposal. It seems to me that no other construction can adequately protect a farmer who has failed to carry out the terms of a confirmed proposal from being "put into bankruptcy" by reason of an uncontrollable default on his part. That, in my view, is the reason for the adding of subsection 3 to subsection 2 of section 2 and the only construction which gives subsection 3 its full limiting effect in favour of the farmer.

The result is that no proceedings can be taken under the Bankruptcy Act unless there is an unsecured creditor for $500. That situation does not develop in some of these cases. I think it should be made abundantly clear that the Bankruptcy Act does not apply in determining that question. The complaint which has been made by many people against the Farmers' Creditors Arrangement Act has been that there has never been a single payment made under compositions that were

arrived at, and as those payments had not been made and no bankruptcy followed the result was that merchants and small retailers complained very bitterly about the act itself. Might it not be possible in the section with which we are now dealing to make it clear that the application for the annulment of the composition is to be made under the provisions of the Farmers' Creditors Arrangement Act and not under the provisions of the Bankruptcy Act, which imposes limitations upon that right? I submit that is rather an important matter to consider because we do not want, on the one hand, to have it thought that we have accorded these extraordinary benefits and, on the other hand, that we are placing a premium upon a disregard of the obligations created by the person for whose benefit they were made. I think the minister will agree fully with that view. I think everyone wants to see the fair thing done between the farmer and his creditors. I suggest that possibly the minister might not be averse to the section standing in order to see whether or not a few words could be added at the end, as I think they could, to make it abundantly clear that in the event of failure this action would be taken. You will observe that an application could be made under the main act to deal with the situation in the manner provided, and recourse would not be had to the Bankruptcy Act for that purpose.

Mr. DUNNING: The main reason for the delay in proceeding with the consideration of this bill was the fact that we learned of the Alberta judgment, just discussed by the leader of the opposition, and I felt it unwise to proceed in committee, particularly with the section now under discussion, without first having the best advice possible with regard to the bearing of the Alberta judgment upon what we were doing. The whole material and the reasons for judgment in the Alberta case of Commercial Life Assurance Company of Canada v. Strynadka were submitted to the Department of Justice. In order that the legal members of the committee may study it, perhaps I should place on Hansard the letter from the deputy minister of justice. It reads:

> At the request of Mr. Gordon, I have studied the reasons for judgment of the court of appeal of Alberta in the case of the Commercial Life Assurance Company of Canada versus Strynadka with the object of advising you whether, in view of these reasons, an amendment should be made to the Farmers' Creditors Arrangement Act.
>
> First, I have come to the conclusion that the reasons of Chief Justice Harvey are substantially correct. I do not think it was ever contemplated by parliament that a secured creditor should, in the case of failure to carry out the terms of a confirmed proposal, have the right to proceed under section 19 (2) of the Bankruptcy Act; a secured creditor never had the right, under the Bankruptcy Act, to proceed under section 19 (2) in respect of his secured debt.
>
> Secondly, the rights and remedies of the secured creditor, once the proposal becomes binding upon all parties, are regulated by the law of the province; upon failure to carry out the terms of the proposal, the remedy of the secured creditor, in respect of his secured debt, is to resort to his civil rights as provided by the provincial law.
>
> Thirdly, or, upon failure to carry out the terms of the proposal, the secured creditor may proceed by petition under subsection 3 of section 2 of the Farmers' Creditors Arrangement Act, but only, of course, in respect of that part of his claim which is not secured This unsecured claim must amount to $500 and the failure to carry out the terms of the proposal must have been due to causes within the control of the farmer.

I am advised that in the light of all circumstances the judgment in the Alberta case does not render necessary any amendment to the Farmers' Creditors Arrangement Act. Perhaps my right hon. friend would like time to consider this.

Mr. BENNETT: I read the judgment, and I cannot say that I differ with the view expressed by the deputy minister. As a matter of fact, I do not think we can avoid coming to the conclusion that inasmuch as the Bankruptcy Act does not provide that a secured creditor may make a declaration for bankruptcy, there is no doubt as to the soundness of the view he has expressed. On the other hand, I think it was the intention of parliament that where there had been a failure to carry out the terms of a settlement, any person affected by it might take steps to have the debtor declared a bankrupt. I am sure those connected with the department will remember the discussion which took place when we had the bill in hand. I remember there was some difficulty in drawing the statute and the rules so as to make it clear that default meant action to declare the farmer a bankrupt. That was the intention at any rate.

Mr. DUNNING: I think that is the intention as expressed by my right hon. friend.

Mr. BENNETT: From the debates.

Mr. DUNNING: I am reading from the act.

Mr. BENNETT: According to the judgment of the chief justice, the rights of the secured creditor have not been changed. That is really the basis of judgment. Mr. Justice Ford took the view—it was from his judg-

ment I should have said I was reading and not the judgment of the chief justice—that the act was a charter within itself and that there was a right to apply, even though it was a secured creditor, to have the debtor declared insolvent.

Mr. DUNNING: In other words, the creditor has under this act rights which he did not have under the Bankruptcy Act.

Mr. BENNETT: Because he was subject to the reduction of his rights.

Mr. THORSON: A reduction of the debt; otherwise his rights remain.

Mr. BENNETT: A reduction of his debt; that is the correct term. The really extraordinary nature of this legislation is not that which deals with the ordinary creditor but that which deals with the secured creditor. There is no doubt about that. I do not think anyone will question for a moment that it was a most extraordinary thing to do. But it was done under extraordinary circumstances. The rights of the secured creditor are affected. There may be a reduction of his debt and the period within which the debt may be paid is extended. Having had that situation forced upon him, he now has conferred upon him the right to have the farmer declared an insolvent and bankrupt if he fails to carry out his obligations without due excuse. You will remember there is a provision to excuse him where the causes are beyond his control.

It is the secured creditors who feel that they have been dealt with harshly. Under the Bankruptcy Act they can value their security, but here they just have to take their chance with everybody. I must say that I have had brought to my attention a few cases which have caused me deep concern. As an example, a man may have saved $4,000 or $5,000 and loaned it to the least efficient farmer in his district. He who was the most efficient farmer now finds himself compelled to lose his money, sometimes to the extent of half, to the inefficient man who borrowed the money and who is now laughing at him. That certainly was never the intention of the legislation.

Mr. DUNNING: And in many cases the efficient man has been deprived of his own wealth which he had saved, through causes with which his efficiency had nothing to do.

Mr. BENNETT: I agree.

Mr. DUNNING: There are many tragic cases.

Mr. BENNETT: The bank, the loan company, the mortgage company and the private individual at times have had their debts slashed in two. The period of time within which payment is to be made is extended sometimes from five to ten years. Under the circumstances should we not make it clear, beyond peradventure, that this provision is the one that governs? I do not think there is any answer to what the chief justice has said; the judgment of the chief justice is a matter of strict law. But I do not believe that was ever the intention of this parliament when dealing with the matter, because we have said that if we take away from a man something, then we also confer upon him a right.

Having taken away from him his property to the extent of $1,000 or $2,000, we have said that if the proposal formulated and accepted is not carried into effect, in the absence of good reason to the contrary, the debtor shall be subject instanter to bankruptcy. That was the theory of it. Automatically that result followed.

Mr. DUNNING: Would it, in practical fact, be of much use to the creditor, in the great bulk of cases?

Mr. BENNETT: I am frank to say to the minister that at first I could not see why they were so anxious about it. My correspondent at one time—well, I can see no reason why I should not use his name—was Mr. McCuaig, who was a member of the former board. He was greatly perturbed about the matter, as it affected some interest with which he was familiar. The answer to the minister is this: If he is driven back to the position of foreclosure, he cannot foreclose, because the law of the province prevents him.

Mr. DUNNING: Yes, exactly, and by changing this we are circumventing that provincial law.

Mr. BENNETT: Yes, quite, which, of course, is the price paid for taking advantage of those facts, and a very proper price it is too. There never before was such a statute placed upon the statute books of this country.

Mr. DUNNING: Quite right; I agree.

Mr. BENNETT: As a matter of fact, when we are dealing with the statute I shall tell the committee the story of it, because it is a very interesting one. But there never was a statute such as this placed on our statute books before. It goes much farther than bankruptcy. If the benefits accrue, surely there must be corresponding responsibilities; and sometimes the only intention has been just to get an order.

Mr. DUNNING: Some time there will be a day of reckoning.

Mr. BENNETT: Yes, quite. I had presented to me a letter signed by a very large number of persons saying that in a given locality in Alberta—not the drought area of Saskatchewan—not a single proposal had been carried into effect by even the first payment being made. That is pretty hard, is it not?

Mark you, I remember very clearly the circumstances which brought about our adding to the statute a provision whereby if a man gave a good reason why he could not pay, he was relieved from payment. But in the absence of a good reason, when a man's debt is cut in two—some of them have been; I know of one in my locality in which it was cut down to forty per cent of the whole—when that happens, should not the other liability attach?

Mr. THORSON: If I remember correctly, the court of appeal in Manitoba has held that all that proposal does is to cut down the amount of the indebtedness, and that if the farmer does not live up to the terms of the proposal, the secured creditor may take whatever steps against his security he could have taken before the proposal was made. Apparently that seems to be the case in Alberta. In our province foreclosure may take place if there is default under the terms of the proposal.

Mr. TUCKER: I take it from what the leader of the opposition has suggested that what they had in mind when they passed the law was that a creditor, even if he had only $10 coming to him, could plunge a man into bankruptcy. Surely there must have been some intention to place a limit upon such action, because under the present Bankruptcy Act a secured creditor must have $500 owing over and above the value of his security, or unsecured creditors coming together in launching proceedings must have $500 owing to them. Otherwise a man could be launched into a bankruptcy court for a $5 obligation.

Mr. BENNETT: That well might be, and that is the reason the provision was there—if he could be so treated.

Mr. TUCKER: But I submit that a man who has a very small obligation owing him should not be able to set in motion bankruptcy provisions, as he could do if the amendment suggested by the leader of the opposition were carried. If the purpose is to get around provincial moratoria laws, you of course do not get around them much by throwing a man into bankruptcy, because the moment a man is thrown into bankruptcy and an attempt is made to vest his land in the secured creditor under bankruptcy provisions, he can immediately claim his exemption. Then they have to resort to foreclosure proceedings anyway.

Mr. DUNNING: I believe we are on section 3.

Mr. BENNETT: The last section.

Mr. DUNNING: No, section 3, and it might be permitted to stand. We have made some progress in developing points this afternoon. Sections 2 and 3 will stand. We have not yet passed a section. Then, section 4 provides for the appointment of one or more boards of review.

Section stands.

On section 4—Board of review.

Mr. DONNELLY: I wish to repeat what I said the other day with respect to the necessity for uniformity of decisions.

Mr. DUNNING: We will take that into account.

Mr. DONNELLY: And whether to have the members of the board interchangeable, or to have—

Mr. DUNNING: It is a matter of administration, and it can be arranged.

Mr. DONNELLY: There should be regulations along that line.

Mr. DUNNING: I wish we could do it as between provinces, but that is rather more than we can hope.

Section 4 agreed to.

On section 5—No new proposal after a certain date.

Mr. DUNNING: This provision embodies one of the principles of the bill, one which everyone commended, and gives power to the governor in council to state by proclamation a date after which no new proposal shall be made or filed by any farmer, or accepted by any official receiver in any province. It is a provision similar to the one which brought the act into force by proclamation in the various provinces. It is thought to be the best solution of one of the worst difficulties we have.

Mr. DOUGLAS (Weyburn): How would a government decide as to whether or not a board of review should continue to operate in a certain province? Would there be consultation with the government of that province, or representations made to the board of review in that province?

Mr. DUNNING: Well, Mr. Chairman, I have given a great deal of consideration to the qualifications which could be put into the act with respect to this power, and I find it difficult to evolve any which could possibly be of sound application under the various circumstances which will prevail. I think I shall ask that section 5 be permitted to stand, because evidently one or two members wish to speak to it.

Before calling it six o'clock I should like to finish my answer to the hon. member for Weyburn. I think ultimately there is no other way than for the government to accept responsibility, undertaking such investigations as it may be able to, within a province, as to the circumstances prevailing there. In some provinces the governments do not wish to give an opinion on the matter. In other provinces they are quite emphatic. In some provinces the counties are expressing themselves vigorously in the matter. In other provinces farmers' organizations are expressing themselves. I think we must leave it—

Mr. BENNETT: And in all provinces individuals are expressing themselves.

Mr. DUNNING: Yes, in all provinces, and most vociferously. I believe it is impossible to lay down any rule as to the considerations which would guide the government. I believe there will be sufficient check in this chamber on the possibility of making mistakes along that line.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

CIVIL SERVICE ACT

LANGUAGE QUALIFICATION OF PERSONS APPOINTED OR TRANSFERRED

Mr. WILFRID LACROIX (Quebec-Montmorency) moved that the house go into committee on Bill No. 3, to amend the Civil Service Act.

Motion agreed to and the house went into committee, Mr. Johnston (Lake Centre) in the chair.

On section 1—Method and tenure of appointments.

Mr. BENNETT: The bill has been settled in the special committee, but I am afraid it has not been reprinted. I have the old bill here, but I think we can put it through very quickly as an agreement has been arrived at.

Mr. POULIOT: Efficiency and good work.

Mr. LAPOINTE (Quebec East): I have just been handed a copy of the reprinted bill. The explanatory note explains the changes that have been made in the committee.

The DEPUTY CHAIRMAN: The amendment that was made in the committee appears in the seventeenth line. After the word "the" these words have been inserted, "persons with whom it is required to do business: provided that such language shall be the French or the English language."

Mr. REID: This is the first time I have seen the reprinted bill, and on a cursory examination it seems to me the question might arise whether it is the locality or the province that is intended.

Mr. RINFRET: I might explain that this bill was sent to the special committee on the civil service, where several projected amendments were discussed by the members of the committee, and a subcommittee was appointed to go over them. This amendment was finally adopted by the committee, upon the recommendation of the chairman of the civil service commission, was approved by the sub-committee and subsequently by the committee itself. I am quite satisfied that the bill in its present form will attain the end we all have in view.

Mr. HEAPS: This is the first time I have seen the amendment, and going over it casually I do not think it will make very much difference in the conditions that prevail at the present time. It is for the civil service commission to appoint people to positions requiring to be filled in various parts of Canada, and we are really attempting to do here by legislative action what should be done by those responsible for the administration of the acts of parliament. I do not like to mix up administrative with legislative functions. If the civil service commission is not appointing fit and proper persons to occupy these positions, that is not the fault of the legislation on the statute books, but the fault of the commission, and if representations were made to the commission that there should be appointed to these positions in the province of Quebec and other parts of Canada people speaking the language required in those districts, I think that is all that should be necessary. I think it is a mistake to have this kind of thing in the form of legislation, and personally I would have been much better satisfied if the committee inquiring into the matter had made representations to the commission to see that appointments such as have been com-

plained of in the past were not repeated, and that persons were appointed who could speak the language required.

Mr. BROOKS: The hon. member for Winnipeg North has expressed pretty well the exception that was taken by some members of the committee, but not very many. We all agreed on the principle of the bill, but some of us felt that this matter could be better dealt with by regulation than by an act of parliament which is restrictive in character. The main point brought out in the committee was that very often to some English-speaking districts a French-speaking representative of some department would be sent, and vice versa to the French-speaking districts an English representative of the agriculture department or some other department would be sent, who would be unable to look after the business properly because of being unable to speak the language of the district. But the representative of the civil service commission advised us that the departments and the commission always endeavoured to see that the person sent was conversant with the language of the people with whom he would come in contact. Some of us felt that this could be done much better by regulation, and that this would be much more flexible than a bill of this kind.

Another point brought up was that some of these positions required technical men who did not have to come in contact with the people, and so the language requirement was not so necessary; but under a bill of this kind you may not get the best technical men because you are restricted in making appointments. As a member of the committee I did take exception because I felt this matter could be dealt with better by regulation than by a restrictive bill of this kind, but the committee was almost unanimously in favour of this amendment.

Mr. LAPOINTE (Quebec East): I desire to congratulate the members of the committee upon having come to a conclusion which will meet the views of both the committee and the house. Even those who have expressed some little dissent agree on the principle, and object only to the method, believing the matter could be dealt with better by regulation, and that it was not necessary to express the wish of the house in a bill. I am reminded of the words of a famous French diplomat of former days, Talleyrand, who, when negotiating a treaty of some importance, insisted on certain words being put in the treaty, but others said, "It is not necessary because it goes without saying." Talleyrand replied, "Yes, it goes without saying, but it goes still better if we say it." I think it is practically the same here; and if everybody agrees that the principle is right, why should there be any objection to our stating in a bill what we want?

Mr. HEAPS: I am not opposing the principle. I do not object to its being stated in the regulations; but that is different from its being included in an act of parliament, and I am afraid that in practice it may have an effect the very reverse of what has been stated by the Minister of Justice. For instance, take a district where sixty per cent of the population is English-speaking and forty per cent French-speaking; districts containing approximately that proportion of the two races can be found in various parts of the dominion. Suppose an English-speaking person is placed in a district like that and he has to meet the forty per cent of French people; the letter of the act would be carried out, but the spirit would be lacking. Personally I would rather see in such a district a person who can speak both languages than to have an appointee who is capable of speaking only one language. Although the letter of the act would in such a case have been carried out, the official would be under a handicap in meeting a large number of persons in that area.

Mr. MacINNIS: I believe it has already been stated that this bill was referred to the special committee on the civil service, and that committee referred it to a subcommittee. The subcommittee, after considering the matter several times, drew up this amendment, which I believe was passed unanimously; and when it was placed before the special committee I believe it was assented to by all who happened to be in the room at the time. I was present and voted for the amendment, and while I am not quite sure that it is the best thing that could have been done, I shall vote for it to-night. I think we can easily understand the reasons for the introduction of such a bill as this. It is an effort to meet conditions which do not exist in my province of British Columbia. I never had the experience of trying to converse in my province with an official who could not speak my language, but possibly the hon. member who brought this measure forward found himself or some of his acquaintances in that situation. For that reason we should give careful consideration to the bill. The only thought in my mind of wherein it might be detrimental is that too much emphasis might be placed on language and not enough upon other qualifications necessary to fill a position. However, that is a matter

which must be left to the good judgment of the civil service commission and the heads of the departments concerned.

Mr. BENNETT: There is a difficulty, and it is a very real one. The other evening I pointed out that, to my mind, the principle of this legislation was sound; but I should have preferred that it be provided that whoever was appointed to a position in which there were varying numbers of people speaking two languages should be a bilingualist. That would be the sound thing to do. But I understand that certain difficulties have arisen in getting people qualified in that way. This substitutes, for a knowledge of languages adequate to communicate with the whole community, knowledge of the language of the majority, which is not the general purpose of the legislation in the Civil Service Act. I fear it will be found after practical experience with this provision that it will have to be repealed, because it substitutes for ability to use the languages of the community, the language of the majority, and if it should happen that that majority was English and there was a minority of forty per cent who could speak only French, you would have a very difficult situation; e converso, if the population were forty per cent English-speaking and sixty per cent French-speaking, the situation would be extremely difficult. It will be observed that the last section is the one which contemplates examinations being given in one language or the other, so that what would be required is proficiency not in both languages but only in the language of the majority with which the official is to do business. I gathered when the hon. member introduced his measure—and I certainly feel that he presented it with great moderation—that what he had in mind was that whoever was appointed should be able to speak the language of the community but that he should be by choice one whose natural language, if I may use that word, is the language of the majority. The proposal which has been approved by the special committee will not, I am afraid, meet the difficulty he had in mind but will rather accentuate it. I may be wrong. I know that this is not what the hon. gentleman had in mind when he introduced his measure. His purpose was an absolutely sound one. If an appointment is to be made to the position of supervising inspector of agriculture in a community along the river St. Lawrence where seventy-five per cent of the population is French and twenty-five per cent English, the man who goes there should be able to speak to all those people, French and English, so as to make himself understood for the purpose of giving adequate directions. Under this legislation you will appoint one who is qualified by examination in the French language only, and twenty-five per cent will not be able to communicate with him.

Mr. ILSLEY: Not necessarily.

Mr. BENNETT: Not necessarily, but that is what the bill contemplates.

Mr. ILSLEY: I do not agree.

Mr. BENNETT: All the minister has to do is to look at the last section. Candidates have the choice of which language they pass in, French or English.

Mr. RINFRET: I appreciate the spirit in which my right hon. friend approaches this bill, but he seems to be under the impression that from now on this is going to constitute the only qualification.

Mr. BENNETT: Oh, no.

Mr. RINFRET: It is added to other qualifications. What I like most about this bill is that it should create a new spirit in relation to these matters. I understand that when a position is open and comes under the provisions of this law, this requirement will not detract from the other qualifications demanded of candidates. If, for instance, an official is to operate in a French centre where there is an important English-speaking minority, I would say that it would be the duty of the commission to see that the candidate speaks both French and English and has other qualifications as well. This bill does not subtract anything from the present act or from the present qualifications required of candidates, but merely adds this additional requisite, that a candidate to be appointed must be able to speak the language of the people with whom he comes in contact. But he must have other qualifications as well.

Mr. BENNETT: Oh, of course. But lest for one moment it should be thought that I was labouring under any such misapprehension, I desire at once to disabuse my hon. friend's mind of that impression. This does not in any sense deal with a question of qualifications as determined by the examinations. The technical qualifications remain as they were; but it is provided that instead of writing his examination in or having a knowledge of both English and French, he may select at his option in which language he will write, and if he writes it in French he will not by any chance be a bilinguist; if he writes it in English he will not by any chance be a bilinguist. The minister sees the point? The candidate has to qualify by examination.

If the Minister of National Revenue will look at the clause he will see that unless and until the candidate to be employed is qualified by examination in the knowledge and use of the language—

Mr. MACKENZIE (Vancouver): It is quite opposite to being belingual.

Mr. BENNETT: That is exactly what I wanted to say. I shall not labour the point. I am afraid it does not meet the purpose that the mover of the bill had in mind. I think he was trying to say that appointments should be made under which a person otherwise qualified would be able to communicate with the residents of all the community with whom he came in contact. As the bill reads now, it substitutes for that a majority, which I do not think is the purpose intended.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

CRIMINAL CODE

PROVISION AGAINST REFUSAL TO EMPLOY OR DISMISSAL FOR MEMBERSHIP IN TRADE UNIONS

The house resumed, from Friday, February 25, consideration of the motion of Mr. Woodsworth for the second reading of Bill No. 4, to amend the criminal code.

Mr. ANGUS MacINNIS (Vancouver East): In rising to say a few words in support of this bill I hope that what I may have to say will help the Minister of Justice (Mr. Lapointe) to change his attitude towards the bill. I have no doubt at all that in the narrow legal sense the minister's position is quite correct, but I believe that the principle underlying the bill is sound. I maintain that although legally the workers have the right to organize to-day into trade unions and trade associations, in many instances actually they have not that right, because it does not make very much difference what the legal right is if the individuals concerned are unable, owing to certain economic factors, to exercise that right. And that is true to-day in many instances, as I shall prove before I sit down.

I have some little knowledge of the struggles made by the workers to secure the right to organize and to bargain collectively. As every hon. member who knows anything of the history of the working class is aware, that right has been strenuously opposed. Society, however, has been compelled to recognize the need for collective bargaining; that is, the need for negotiation between employers and employees on a basis of equality. It is, I think, becoming clear to thoughtful people even outside the labour movement that trade unions are a powerful factor for social betterment, and even for social stability; consequently I am not taking the minister's statement as the last word on this question. I have heard it said on many occasions in this house that certain things could not be done and I have seen those things done later on with all the sanctions of law behind them. The most striking fact in history is that the impossibilities of to-day become the actualities of to-morrow.

When the Minister of Justice spoke on this measure a few weeks ago, he read from a circular sent to all the provincial legislatures last year by the executive of the Trades and Labour Congress of Canada. The circular urged the provinces to pass legislation similar to that asked for in this bill. It seemed to me that the minister in referring to the circular wanted to convey the impression that the Trades and Labour Congress considered that no action outside the provinces was possible in this matter. That, however, is not so. I shall quote very briefly from the circular referred to. It is a part of the submission made to the Prime Minister (Mr. Mackenzie King) and the members of the dominion cabinet this year by the executive of the Trades and Labour Congress of Canada.

Mr. LAPOINTE (Quebec East): That is not the circular.

Mr. MacINNIS: I quote:

> We realize that jurisdiction in these matters rests with the provinces at present, rather than with parliament, and in the past year we have approached the several legislatures seeking protective legislation, with success in some cases. We firmly believe, however, that the dominion parliament also should recognize the rights of the workers to freedom of association and collective bargaining in as far as its jurisdiction extends, by providing suitable penalties for proven cases of interference with those rights.

That is exactly what this bill asks the government to do.

Mr. LAPOINTE (Quebec East): That is not the circular from which I quoted. I quoted from the circular which was sent to the legislatures of the provinces.

Mr. MacINNIS: That is quite correct, and I am quoting from this submission to show that the executive of the trades and labour congress did not consider that action by the provinces was the last word in the matter. Let me give a line or two more from the same submission:

> It is a fact that the workers are not interfered with by the law in their desire to

organize, but experience has shown that that is not enough.

We say that, because experience has shown that there is interference with the workers in their endeavours to organize, and because the provinces so far have not passed legislation to prevent such interference, this bill has become necessary. That is why it has been introduced.

With further reference to legal rights, I believe it was Anatole France who said that the majestic equality of the law recognized that it was illegal for the rich as well as for the poor to sleep under bridges, but he also noted that the rich were not very often prosecuted for sleeping under bridges. The majestic equality of the law in this instance allows the workers to organize; but if the employer says they must not, they are in a very difficult position, and we say that the law should be amended so as to guarantee that right to them. The law says that the employees as well as the employer have the right to organize; but if the employer objects it becomes very difficult for the worker to exercise his legal right. It becomes almost impossible, without great sacrifice on the part of someone. Someone must sacrifice his job; on many occasions someone must sacrifice his hope of improving his future position, must sacrifice the future of his family.

I should like to draw to the attention of the house a case which I think I drew to the attention of the Minister of Labour (Mr. Rogers) last year, a case in which the Department of Labour tried to get a settlement. Burns & Company, Limited, in Vancouver had a dispute with its employees. Late in 1936 the workers of this company formed a trade union. This was discovered by the company, and nineteen employees were dismissed, including the ten who were the executive of the union. After many attempts had been made by the provincial Department of Labour and the federal Department of Labour to effect a settlement, the provincial department appointed Mr. Justice J. C. McIntosh of Victoria as commissioner to investigate. The commissioner held sittings extending, I think, over ten or fifteen days, at which numerous witnesses were heard. I should like to read briefly from his report, which states the conditions he found and the recommendations he made. This report is to be found in the June, 1937, issue of the Labour Gazette. He said:

The situation disclosed is unusual in labour disputes in Canada. No question of wage scale, hours of work or working conditions has arisen or is involved, as all such conditions were and are satisfactory to those affected, but consisted wholly of the activities of the newly formed labour union to which the majority of the employees belonged and the retaliatory reaction of the employing company's manager in relation thereto.

This union was formed with the sole purpose of advancing and protecting the interests of the company's employees and to improve the conditions of the workers, and with no ulterior motive.

No complaint was made by the manager of the services rendered by the employees, and an increase in pay was promised and later put into effect. He also informed the employees that they should seek to deal with the company in matters of mutual concern only through the medium of a plant or company union with no outside affiliations, this being the method adopted by most packing plants of consequence in Canada and the United States, of bargaining between the employees and employer, functioning in many cases side by side with a local union in such plants.

When the nineteen employees referred to were dismissed, a strike was called, and in referring to those dismissals the commissioner made this statement:

The intermingling of those nine employees against whom cause could be assigned, and those ten against whom no cause could be assigned except their activities as executives of their union, left only one implication. The manager must have known and anticipated that his action would culminate in a walkout of the employees, being members of the union.

As the commissioner could not get the parties concerned to agree, he proposed a plan of settlement himself. The report continues:

It is submitted as a reasonable plan for the reinstating in employment of the 131 employees affected—

For after the employees went on strike all of them were dismissed.

—apart from the nine mentioned, that the company shall reemploy fifty of those former employees in April, 1937, forty-one in May, 1937, and the remainder, being forty, in June, 1937, accelerating the numbers if the opportunity offers, at the scale of wages and working conditions now existing with the following provisoes:

Then he offers some suggestions for more harmonious working relations in future:

(a) The selection of such employees shall be by some arrangement agreeable to the parties, married men in any event to be first selected when possible.

(b) Upon this settlement being made effective the union shall immediately return the products of the company to the fair list.

(c) There shall be no discrimination on the part of the company towards returning employees because of their former union activities.

(d) The employees shall have the right to belong to any organization or association of their own choosing, and the company shall

recognize a committee elected by all of its employees to represent them in their dealings with the company's management.

(e) The nine employees objected to by the company for cause shall have the privilege of appearing before the management of the company and being heard.

What I wish to bring particularly to the attention of the house is that despite the recommendations of the commissioner, very few of these employees have yet been taken back.

There is another point in this report which I think is very important. The commissioner stated that most, if not all, of the trouble developed because, first, the management did not understand trade union organization, and, second, the men themselves were not accustomed to trade union organization and their business agent did not approach his duties in the way that a more experienced trade union official would have done. And he made this recommendation or suggestion.

It is not submitted but suggested for obvious reasons, having regard to the future harmony of all concerned, that both the business agent of the union and the manager of the company be transplanted by their respective employers to other fields of endeavour.

Mr. ROGERS: Will the hon. member permit a question? I have not that report before me at the moment, but was it alleged by the company at that time that some of these employees were discharged for reasons other than their connection with a trade union?

Mr. MacINNIS: From the report I would take it that nine employees were discharged for cause.

Mr. ROGERS: And the others because of their connection with the union?

Mr. MacINNIS: The others because of their connection with the union. That is what I would take from reading the report. What I want to point out again is that despite the fact that these employees had the right to organize under the laws of Canada; despite the fact that a commissioner had found that they had that right and that there was no case against them; despite the fact that he recommended that they be put back in their positions, up to the present time only a very few of them have been permitted to go back to work.

I am sure the Minister of Labour will pardon me for quoting from a New Year's message he delivered at the end of 1936, published in the Labour Gazette of January, 1937. The minister expressed the right of association much better than I could when he said:

In connection with recent strikes in Canada there have been frequent complaints that certain employers have denied to their employees the

right of association and have summarily discharged men and women who have been active in the organization of labour unions. It is necessary to state in the clearest terms that the right of association is a civil right, long established by law and usage.

That established law did not help the employees of the Burns company who lost their jobs and are still out of employment. I continue:

It was affirmed with special reference to Canada by an order in council of July 11, 1918 (P.C. 1743). It was proclaimed explicitly in the treaty of Versailles at the close of the world war. To deny the right of workmen to combine in any lawful organization they desire for the promotion of their common welfare is an open invitation to extremists to preach the futility of collective bargaining as an alternative to direct action.

In other words, to deny the right of organization tends toward a breaking of the law in other directions. If that is true—and I maintain it is—then it is incumbent upon this house to see that what the law allows, the law shall guarantee. I quote:

The right of association for legitimate purposes should be respected in the national interest and labour should not be denied the means of organizing for collective bargaining. The right of employers to organize for all lawful purposes is not questioned in any quarter. Employers are not entitled in the same breath to protest against governmental regulation of industry and to deny to labour its right to resort to legitimate measures of self-help to voluntary association.

I submit that the Minister of Labour has stated our position very clearly in that paragraph. These days we hear a great deal about democracy. Very few liberal speakers—I do not use the word "liberal" in a party sense—speak on this subject without referring to the necessity of maintaining democracy. May I say that I am in full accord with that. I believe that people have come to recognize the value of democracy as they have never done before, even if it is not as complete as we would like it to be. But democracy is impossible without freedom of organization. We measure our political democracy by the extent to which various classes in society are represented in government, and to make our political democracy worth while we must have economic democracy. Our economic democracy will be measured by the extent to which the various factors in our economic life share in its direction. The workers cannot share in the direction of industry until such time as they are organized. The industrial union by means of which the worker has some share in arranging the terms upon which he gives his labour, either of hand or brain, is the first step to that fuller democracy to which I hope we are travelling.

Whenever I think of democracy my mind goes back to a visit to the Scandinavian countries about a year and a half ago. I was impressed with the reality of democracy in those countries, and I am convinced that their democracy and to a large extent the stability of their social structure are dependent upon the organization of the various economic groups within the countries. In Sweden the employers are organized; labour is organized; the farmers have their organization and, what may be equally important, the consumers are organized. I believe we would solve many of the problems created in this country by monopolistic industry if in some way or another we could organize the consumers. As one writer has put it, "The Swedish road to democracy is through organization. The fundamental units of this organization are economic; their political parties reflect these alignments." Sweden with a population of a little over 6,000,000 people has 650,000 trade unionists. Canada with a population of something over 11,000,000, with about 2,000,000 workers who could organize, has not more than 250,000 trade unionists.

Mr. REID: Is the number of trade unionists in Sweden greater than the number in the old country?

Mr. MacINNIS: My information is that a greater proportion of the workers in Sweden are organized in trade unions than in any other country. I am not stating that definitely; it is simply the information I have at the moment. Mr. Justice McIntosh, the commissioner in the Burns dispute, stated that a possible cause of the dispute was the inexperience of the management in dealing with trade unions. May I say that the use of the instruments of democratic procedure does not differ from the use of any other instruments. We must learn to use them before we can use them efficiently. The old saying that practice makes perfect is just as true of trade union organization and negotiation as it is of anything else. When a union is well organized; when a union has had considerable experience in negotiating with employers, it is very seldom that there is a strike; it does happen the odd time, but not very often.

I should like to quote briefly from an article which appeared in Harper's Monthly Magazine, of November, 1936, by Mr. Hubert Herring. This deals with trade union organization in Sweden. It seems so good to me that I think it worth while to read it to the house:

> The Swedish labour union serves to make some six hundred and fifty thousand individuals, representing perhaps one-third of the population of Sweden, partners in democratic control. These members study, they debate, and they participate. Knowing that the local union is a unit in the national union movement which dominates the social democratic party and that the social democratic party is the dominant party in the national parliament makes for responsibility and realism. The fantastic loses its charm. The Doctor Townsends and the Huey Longs and the Father Coughlins have the ground cut out from under them. The Swedish worker has no prejudice against the promised land of plenty, but he knows that the way is beset with practical problems.

When you find a trade union organized and dealing with practical problems, and when the employees meet their employers and know the practical problems with which the employer has to deal, then you find people who are open to reason and, as I said before, it is not very often one finds strikes and disorders developing under those conditions.

I notice that in his message in 1937 the Minister of Labour expressed the same sentiments as he had expressed in 1936, pointing out that many of the strikes during the year which had just closed were caused by workers wishing to bargain collectively, and employers refusing to meet them. May I quote these few words from that message:

> Once these relations—

That is collective bargaining.

> —are established between employers and employees, they supply the best possible guarantee of industrial peace. They facilitate the discussion of particular disputes in a spirit of tolerance and forbearance. They also encourage a sense of obligation on the part of both to the community at large.

I agree with that, too. In effect he is saying that collective bargaining makes for good citizenship, and that it makes both employer and employee more socially minded. They recognize that a social interest is involved and that industry is not something which concerns only those actually engaged in it, but that it also concerns the community at large.

In the light of what I have said I would ask the government to give the most careful consideration to the bill before it decides that nothing can be done. If the bill is not acceptable because of its construction, we shall be only too happy to support any measure which would accomplish the end in view, namely to give the workers the right to associate in organizations of their own choice, in fact, as well as in law.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, while I have no reason to doubt the accuracy of the law cited by the Minister of Justice (Mr. Lapointe), or the soundness of his statement when he says that this bill is ultra vires because it intrudes on

provincial jurisdiction, yet I intend to vote for the bill, if it is only as a friendly gesture towards trying to do away with the principle of what is known as the black list on the Pacific coast.

It is true that last fall there was a bill passed in the provincial house, known as the Industrial Conciliation and Arbitration Act, which was supposed to be a universal cure-all, but it appears to be more spectacular than useful from the working man's point of view. That the black list still exists is indicated by statements I have under my hand. Some trouble arose in a lumber camp, and submissions were made to the government. One comment is as follows:

> One affidavit stated, among other things, the boss told me that as far as my work was concerned there was none better, but that it was impossible for him to rehire me. In giving his reason for not hiring me, he said, "there is no use of telling you there is no black list, because you know better."
>
> A second affidavit states: "Upon asking if my work was satisfactory he said it was very satisfactory, and that he had nothing against my work whatsoever. He informed me that I would not be hired on account of my union activities in the camp in the previous year."

I also find that the employment office which sends lumber workers to the camps makes those workers sign a slip, one clause of which reads as follows:

> It is understood I will not invite or allow any person in the camp or on the premises without the owner's consent.

The paper from which I quote, the B.C. Lumber Worker, goes on to say that that is rank intimidation. I do not know whether it is that or not, but certainly it is an interference with the liberty of the people. It would be just the same for a man to rent a house, and tell his tenant that he, the owner, would prescribe as to who would or would not be entertained in that house.

There is no doubt that, despite the provincial bill, the black list is still in existence. It is a very fruitful source of profound dissatisfaction on the part of many loggers. Therefore, if it is only a gesture along this line, I shall support the bill if it ever comes to a vote.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, I cannot do more than give a brief introduction of what I had hoped to say on this bill to-night. As it has been presented to the house, the bill has taken the form of an amendment to the criminal code. As such it was dealt with by my colleague, the Minister of Justice (Mr. Lapointe) when it was before the house some little time ago. It was stated then by the Minister of Justice—and I repeat it now—that the right of workers to form or to join trade unions has the full support of this government.

Freedom of association has been proclaimed on several occasions by the dominion government.

It may be within the memory of some hon. members in the house to-night that during the great war, in order to meet rather grave conditions of industrial unrest, an order in council was passed which very clearly affirmed the right to organize. It took the form of an assertion of the existence of the right to organize, and there was no suggestion at the time that the dominion parliament had power to deal with the question in any way other than by declaration.

Mr. Speaker, it is nine o'clock.

FARMERS' CREDITORS ARRANGEMENT ACT

BOARDS OF REVIEW, TIME LIMIT FOR FILING PROPOSALS, ETC.

The house resumed consideration in committee of Bill No. 25, to amend the Farmers' Creditors Arrangement Act, 1934—Mr. Dunning—Mr. Johnston (Lake Centre) in the chair.

On section 5—No new proposal after a certain date.

Mr. DUNNING: I believe we are on section 5 of the bill, the last section. The leader of the opposition called my attention to the fact that my previous suggestion, namely that on the title we might discuss general matters connected with the bill, would be of little avail, because there is no title. I therefore suggest it would be appropriate for hon. members, such as the hon. member for Marquette and other hon. members who wish to make observations on the general workings of the act, observations which would not come directly under any of the sections of the bill, to make those observations on section 5, which deals with the method of terminating the act in the various provinces.

Mr. BENNETT: A very appropriate place.

Mr. GLEN: Mr. Chairman, what I say will probably be misinterpreted, no matter how carefully I may choose my language; nevertheless, I shall take the risk, if risk there be. I therefore state I am not attacking or impugning the principle of the act. I realize there is no intention in the amendment before the committee to impugn the principle of the

act; it is simply to place the responsibility perhaps where it should belong, namely on the provinces, by proclamation.

What I wish to discuss is the question of deliberate default on the part of a debtor, and to suggest what I am sure every member of this house will agree on, that some remedy should be applied to deprive any person of the benefits of the act who is entitled to and does receive them and who thereafter wilfully evades the corresponding obligations and undertakings and defeats the very purpose of the act itself. What I say cannot be applied to an honest debtor, but certainly it may be applied to a dishonest debtor. In order that I may draw my conclusion I shall have to inform the house of a case which, I think, can hardly be duplicated in the dominion, and one which, I believe, justifies the remedy that I shall propose at the end of my remarks. Therefore I shall have to ask the house to bear with me if I am a little lengthy.

The case concerns a property in Manitoba which was sold under an agreement of sale in 1930. The price was $10,000, interest 6 per cent, and the payments were spread over a period of years. There was no cash payment. The purchaser entered into possession of the land but did not make any payments for some considerable time, and ultimately the estate, which was in the hands of executors, decided that they must take steps to protect their interests. In Manitoba the first thing to be done is to obtain a certificate from the provincial debt adjustment board. After sixteen months I was able, on behalf of the estate, to obtain that certificate. As soon as I obtained it, an appeal was taken by the purchaser of the farm to the county court judge. The appeal was heard and dismissed, and proceedings were therefore taken by way of foreclosure in the court of king's bench, Manitoba. When the action was before the court a dispute note was filed. It was purely a bogus dispute note. The whole intent of the agreement of sale, as they said, was that the proceeds of the farm would pay for the purchase price. When the matter was brought before Mr. Justice Adamson no representations were made by the defendant except for the purpose of obtaining time in which to redeem. I pointed out to the judge at the time that to give time for redemption would mean that this man would just wait until the period had almost elapsed, and then would apply under the Farmers' Creditors Arrangement Act. Six months was given to redeem. This expired on March 16, 1935, and on that date the purchaser filed a proposal with the official receiver. The matter was heard before the official receiver and no agreement was arrived at. An appeal was then taken to the board of review, and after a hearing the board of review formulated a proposal. That proposal was objected to strenuously on the part of the estate because it was felt it amounted to a confiscation of the estate under the sanction of law. We had a strong case; but apparently it was not strong enough, for the board of review still maintained their proposal, and ultimately it was filed in accordance with the act.

In order that the house may fully understand the position, the only payments which this man made under this $10,000 agreement amounted to $616.42 over a period of seven years, or an average of $88 a year, and the estate, in order to protect the farm, had to pay taxes to keep it out of tax sale, and had to pay insurance to the amount of $370.98, and on October 31, 1937, there were taxes due amounting to $387.53. In other words, the money paid by this farmer from 1930 to 1937 was less than the amount paid by the estate, including taxes for which the estate is liable. He had had the farm about seven years, and all that the estate has received is the amount stated.

When the matter was before the board of review the position was that this man actually owed, including the purchase price of the land, $19,000, and against that he had assets of $540 for stock, and the most meagre line of equipment to carry on operations. I do not suppose the assets, including stock and equipment, would realize more than $1,500. Yet the board of review made the order, and in that order they stated that the purchase price shall be reduced. First, they take upon themselves to reduce the purchase price. There was a total indebtedness of about $15,000 at the time of the foreclosure action. The board of review reduced that to $7,500, almost fifty per cent of a cut. At that time it was shown that the defendant had $19,000 of debts. All the unsecured creditors except those with lien notes were absolutely wiped out, and after that the farmer continued with his operations under the board of review order. That board of review order is a precious thing in its way. It provides for the payment of this $7,500, which was the amount arrived at by one of the officers of the soldier settlement board. The board in Manitoba take this position, that they would arrive at the value of the land themselves and give no indication to the parties interested of how that amount was arrived at, and in consequence there is nothing you can say about the matter.

The farmer continued with his operations. During 1935, 1936 and 1937 he was bound under the order to deliver one-third share of the crop, and under the orders of the board that one-third share of the crop was to take care of all the obligations which he had to pay for the purchase price of the land. In 1935 that one-third share of the crop amounted to $49.80; in 1936 it amounted to $247.48, and in 1937, last year, it amounted to $16.47.

Provision is made by the board's order that the money received from the crop shall first be applied to municipal taxes; at all events the Manitoba act provides that one-third share of the crop shall be applied first to taxes; the purchaser has the right to pay the taxes and to hand over the receipt to the vendors, and that fulfils his obligation. As a matter of fact, all the money which the estate has received in three years has been paid out on account of taxes, and yet at the present moment there is $387.53 still owing in taxes.

When the year 1937 came we were astounded to learn that this gentleman had leased the farm to another man altogether. He had left the farm and gone to the town of Virden in Manitoba, and is now, I am told, selling stock for an oil company from Brandon. I verified the facts and found that there was a lease of the farm given for three years. You talk of privity of contract, but there certainly is no privity of contract between the vendors and the present lessee. He is on the farm. In the meantime the old lady to whom the estate belongs, a very dear and beautiful English lady of seventy-five, is living in a small cottage on an adjoining quarter section belonging to her son, and looking over the fence at her beautiful home occupied by a stranger who has no interest in it.

Naturally one felt annoyed at circumstances such as these, and I was endeavouring to do all I could; so I communicated then with the board of review, pointed out the circumstances, told them of the hardship, and they realized it, but they said they could do nothing. And why? Because they had already given their proposal; it was filed in the court, and therefore they were functus officio and could deal no further with the matter. I communicated with officials in Ottawa and got the same answer from them. In fact, the letter I received indicates two widely different points of view with regard to certain matters of which I shall speak shortly. At all events, after all the efforts in order to get some place where the estate could regain the farm, we came to the question whether what we should do would be done under the rules and regulations of the act. In these rules and regulations there are two clauses, 48 and 49, which I am going to read.

48. The official receiver or any creditor may, after giving such notice to the debtor as the court may in the circumstances require, apply to the court for an order setting aside a proposal because the debtor has—

There are four reasons.

(a) made a fraudulent or preferential conveyance, gift, delivery or transfer of any of his property;

(b) with intent to defeat or delay his creditors, departed or remained out of Canada;

(c) assigned, removed, secreted or disposed of any of his property with intent to defraud, defeat or delay his creditors;

(d) conducted himself to the satisfaction of the official receiver in such manner as indicates bad faith towards his creditors.

49. In the case of any application made under the next preceding paragraph, the court may order that the proposal be annulled, and such an order shall be deemed to be a final disposition of the proceedings.

Would it not be imagined, reading that, that these words mean exactly what they say, and that the official receiver or a creditor may, after giving such notice to the debtor, apply to the court for an order setting aside the proposal? But when I make the request of the official receiver of the district in which this land is situate, and ask him to make the application to the court, which in this case would be the county court, he, with instructions from the board of review in Winnipeg and also perhaps from the officers in Ottawa, takes the position that that refers only to a proposal which is either before the official receiver or the board of review. I cannot understand the reasoning of it and I cannot convince the other side that my reasoning is correct.

For instance, an application is made to the official receiver. The hearing is set; the witnesses appear, and then if necessary it goes on to the board of review. What in the world is the use of making an application to the court to prevent the issuance of an order when it is at that moment before the official receiver and before the board of review? If there are evidences that any of the four subsections which I have read have been contravened by the applicant, the farmer who is applying, all that need be done is to bring that matter before either the official receiver or the board of review and he will not get the order or the composition that he is seeking. That would seem self-evident, and I am informed it is the fact that there have been applications to the court in that particular district on that very ground. But why the necessity for it I do not know, because surely if a litigant comes before the

court with impure and unclean hands, those who are in the position of authority and to whom he must appeal would certainly not formulate any proposal but would simply refuse to do anything with it. If it only means that, that remedy is in the hands of the official receiver or the board of review; why should this be placed in the act at all? They say, of course, that lawyers always disagree, when they are paid for it. I submit that there are many differences of opinion in the courts with regard to the matter. It arose in one case in Manitoba, the Manitoba farm loan case, where one of the judges, Judge Richards came out and stated categorically that rules 48 and 49 did not apply to a proposal that had already been formulated by the board and had reference only to the proposal when it was before either the official receiver or the board of review. As against that, in the same judgment, Judge Prendergast takes the position that rules 48 and 49 are applicable. Judge Dennistoun made only a casual remark, and the other two judges made none. But it has happened that in other cases, in Alberta and also in Saskatchewan, there is a direct conflict of opinion among the judges as to whether rules 48 and 49 apply, and the consequence is that to-day the law is so muddled that no one knows where he is at. It happened in the course of my negotiations that it was suggested to me by a very high authority in Winnipeg—I do not mind saying that it was Mr. Justice Montague, judge of the board of review—when dealing with this matter, that he thought, his board of review being functus officio, their jurisdiction ended as soon as the proposal had been formulated, but we might invoke bankruptcy proceedings and thereby attain the object for which we were applying. The leader of the opposition referred to a case which I have read, the case of the Commercial Life Assurance company v. Strynadka, 1 Western Weekly Reports (1938), page 479. That decision states that where a debtor has defaulted in complying with the terms of the proposal confirmed by the board of review under the Farmers' Creditors Arrangement Act, 1934, chapter 53 (dominion), section 19 (2) of the Bankruptcy Act, 1927, chapter 11, cannot be invoked to support an application to the court to have the proposal annulled and the debtor adjudged a bankrupt. The advice I received from the head of the board of review in Winnipeg has been nullified—naturally must be—by the judgment of the appellate court in Alberta; and to-day we are in this state, that there are no judgments before the court as to how a creditor can arrive at a place where he can annul a proposal.

It may be suggested that I might take another action of foreclosure after default had taken place; but the unfortunate thing about that is this, that default has not taken place under the terms of the order of the board of review. The man has delivered the one-third share of the crop each year; in consequence he has lived up to that order and therefore we cannot invoke that procedure. We are apparently debarred from invoking rules 48 and 49 by reason of the dictum of the judge of the board of review in Winnipeg and also of the officers of the crown here. Where are we to go? I submit to the Minister of Finance that such a situation cannot be allowed to continue. The procedure in order to file a proposal and to have it formulated by the board of review is an informal proceeding, the cost of which is so little that there can be no objection to it. But I submit that no creditor should be obliged to make the law in courts when we here are dealing with the act, and we can remedy the act and make it so clear and unmistakable that there can be no doubt in the minds either of creditors or of the courts as to what exactly is intended. I submit that a creditor who is being defrauded by a debtor should surely have the same rights—inexpensive, informal, if you like—as are accorded to the defrauding debtor when he makes his proposal.

Mr. DUNNING: My hon. friend is not alleging fraud in this case.

Mr. GLEN: I am alleging that the man is defaulting.

Mr. DUNNING: You say he delivered one-third of the crop as the order called for?

Mr. GLEN: Yes; but he has left the farm and gone off and is not a farmer now. The whole spirit of the act is defeated by the fact that the man is off the farm. He has left it to the lessee, and if that is not conducting himself in such a manner as to indicate bad faith towards his creditor I do not know what it is. I therefore suggest that rules 48 and 49 be amended and that it should be clearly stated that "the official receiver or any creditor may, after giving such notice to the debtor as the court may in the circumstances require, apply to the court for an order setting aside a proposal," either before or after a proposal has been formulated by the board of review. I make that suggestion to the Minister of Finance, and I ask him to take the matter up with the law officers of the crown and clarify the act so that the man who is endeavouring to defeat the principle of it shall be subject to the same remedies as he has invoked under the act, and that the act itself

shall supply that simple and inexpensive remedy to the honest creditor endeavouring to retain his property as against a debtor defaulting by his own act.

Mr. DUNNING: I shall be glad to have the suggestion examined. As I understand it, it would involve an amendment not to the act but to the rules. I shall have it looked into.

Mr. BETTS: I wish to say a few words applicable particularly to section 5 of the bill, which is the section that enables the governor in council by proclamation to provide that no proposal shall be filed in any province after a date fixed in such proclamation. I should like to add my remarks to those that have already been made urging the minister to cause the operation of this act to cease in the province of Ontario at as early a date as possible. I am unable to state, except from what I read in the newspapers and hear in this chamber, anything about the operation of the act in any of the other provinces; but I can state, from observation and first-hand knowledge of a good many of these cases, that whatever may have been the usefulness of the act when it was first passed, whatever necessity may have existed for its passage, it has entirely outlived its usefulness in this province.

The hon. member for Marquette gave a striking case in which a creditor in the west has been subjected to considerable hardship as a result of the operation of the act. I should like to put on record a somewhat similar case in which a creditor in Ontario has been defrauded—I do not think the term is too strong—and I do not adduce the details because they are of any particular interest in themselves; I cite them simply because the case is entirely typical of many such cases that have been dealt with by the board of review particularly in the course of the past three years or so. This is a case arising in the county of Essex in which the mortgage under consideration was made in April, 1923. It was a mortgage for $2,000, for ten years, at what was then the prevailing rate of interest, seven per cent, and the security was fifty acres of land, all of which was tillable. The repayments of principal were at the rate of $100 a year. At the time the mortgage was made the mortgagor was a young farmer, twenty-four years of age, apparently quite capable of carrying on and making a go of his undertaking. He borrowed the $2,000 to retire a former mortgage, and the mortgage of which I am now speaking then became the first and only mortgage. The amount invested in the mortgage represented the savings of an elderly woman, savings that had been accumulated as a result of very many years of hard work at low wages. From the date on which the mortgage was made in 1923 until 1926 the principal was reduced from $2,000 to $1,600, and the interest was paid promptly. After 1926 there were no further reductions in principal, but the interest was paid in full until the first of April, 1935. At that date the mortgagor owed nothing for taxes and he had some other debts, comparatively small. Having paid his interest up to the first of April, 1935, from which it might fairly be said that he had continued his interest payments throughout the worst of the depression, in the spring of 1935 he evidently learned of the act with which we are dealing, because from that date onward he ceased paying his interest and his other debts, and in the latter part of 1937 he applied under the act, his application coming on for hearing in January, 1938.

This is what was done. The two years of interest which he owed were wiped out; the mortgage was ordered renewed at the sum of $1,600 for a term of ten years from January 18, 1938 and the interest rate was reduced to three per cent. No repayments on account of principal were ordered until 1944, that is, five years in advance, and from 1944 on it was ordered that $75 on the principal should be paid annually. His unsecured debts were reduced by seventy-five per cent; it was ordered that the creditors must accept twenty-five per cent of their claims in full. As a result of that order great hardship was worked on this elderly lady who held the mortgage. Orders of that sort are becoming increasingly common.

My submission is that through the operation and administration of this act in recent years, most of those whom it was designed to benefit; most of those who are worth keeping on the land and who are making an honest attempt to make a go of their farming operations, have been dealt with. They are either carrying on or else they have got off. And the present result of the continuance of the act is that many creditors whose sole investment takes the form of farm mortgages have become impoverished; and on the other side of the picture, many men who should not be on the land at all, who are not making an honest endeavour to meet their obligations, are occupying farms which would be taken up by young, energetic and qualified farmers who cannot find a place. As a result of this situation the supply of mortgage money in Ontario has almost dried up, land values have been greatly reduced; young men who would otherwise go on the farm cannot get accommodation to buy stock, to make an

initial payment on a farm, to buy a few implements; and exactly the reverse situation to that which was intended to be created by the act has developed. I know of many such cases in London, because in that city, which is the centre of a very rich mixed farming and dairying community, there are many retired farmers who have come into the city with just enough money to see them through their declining years and who, as is common I think with most farmers in Ontario, have chosen mortgages for their investments. Many of them are in great destitution, some actually on relief, while a few miles out of London, occupying the premises on which they hold mortgages, are shiftless and, in many instances, dishonest farmers who have only sufficient energy and ability to convince the board of review that they have a right to stay on and a right to have their debts periodically pared down.

Therefore, in the interests of the very class for which this act was designed—the farmers —and in furtherance of the very object for which it was passed, namely, to keep as many farmers as possible on the farm, operating it and making a go of farming, I submit that in Ontario the act should be repealed at the earliest possible date.

Mr. DOUGLAS (Weyburn): I have listened all afternoon to some hon. members complaining about the number of creditors who have been adversely affected by this act. When one remembers that more than 26,000 cases have been handled, it would imply more than human wisdom if there were not some cases in which there may have been unfair treatment. I personally could cite cases of people who invested their money, and now find that there has been a reduction which seems to them too drastic. But I would ask hon. members to remember first that this act deals with insolvency, with cases of bankruptcy in which the security against which the debts were placed has, in many instances, practically disappeared. When any concern goes into bankruptcy everyone connected with it has to take a loss. I am not suggesting that the creditors should take all the loss, nor yet should the debtor take all the loss. If the security has been reduced in value, the loss must be shared by both sides. And the figures speak for themselves. In the 26,365 cases that were dealt with under this act the average debt per farmer was $9,281.79. The total indebtedness—I shall just use round figures—was $158,000,000 registered against farms the value of which was only $112,000,000. In other words, the indebtedness was more than $46,000,000 in excess of the value of the farms.

Mr. BENNETT: That is present values.

Mr. DOUGLAS (Weyburn): Yes, present values; of course that is all you can go on. And even where the debt has been reduced 44·38 per cent—and that is a drastic reduction—the debt is still ninety-three per cent of the total value of the property, still leaving the debtor with a tremendous burden. I cannot speak for Ontario; but even in the figures for Ontario which were placed on Hansard the other day by the Minister of Finance, the indebtedness was $34,000,000 and the value of the farms affected $30,000,000. So evidently someone had to take a loss. While I am not denying that there may have been cases of hardship, I hope the minister will not allow himself to be too greatly influenced by the recital of individual cases in which someone thinks the amount he had invested has been cut too drastically. The fact is that this act was designed to meet a critical situation of bankruptcy in agriculture, and that losses have been sustained by the farmers, and consequently losses have to be sustained by the creditors as well. Therefore I say to the minister just this, although I think it is not necessary, because I think I know how the minister feels about this act: I agree with this new section 20 in principle, although I am a little worried about the method by which the end is to be accomplished. I agree that if in any province the government decide after careful consideration that it is no longer in the best interest of all concerned that the act should continue to operate, it ought to be discontinued; but I hope that very careful investigation will be made and that the investigation will not consist entirely of hearing creditors and creditor corporations, with the debtor class, who are not so vociferous, being overlooked.

Mr. DUNNING: Oh, pardon me; they are vociferous.

Mr. DOUGLAS (Weyburn): Well, they have not been as vociferous this afternoon and evening.

Mr. DUNNING: They are merely taking second wind.

Mr. DOUGLAS (Weyburn): As this new section stands, I do not object to it, except that there is no safeguard at all beyond the good judgment of the governor in council. But the governor in council, if they wish, may in essence repeal this act. Although it may still be on the statute books, they could by making it inoperative in each province cause it to cease to function.

Mr. BENNETT: They would probably refer it to parliament!

Mr. DOUGLAS (Weyburn): That is a tremendous power to give to the governor in council, in essence the power to repeal a statute passed by this parliament. I hope that if there be any way by which the minister could provide some safeguard to protect the provinces which still desire the operation of this act, it will be put in, and if it is not, that at least the minister will give the committee assurance that every precaution will be taken to consult all parties concerned before the working of this act, which in my opinion has been invaluable, is discontinued in any province.

Mr. McDONALD (Souris): In criticizing this act a few weeks ago I am afraid I left a rather unfortunate impression, that is that it was not working well in Manitoba. The impression I meant to leave was that in the early stages great hardship was done, and I am sure that is quite true even yet. But I believe the commissioners in Manitoba are doing their best now and are making the act work as well as one can expect a bad act to work. I wonder if the government will ever know how much damage has been done to credit in Manitoba and the other provinces. I believe that the act will be more workable when it is amended so that when adjustments are made, the debtor will be made to live up to them.

I would suggest this plan to the government, although I do not know whether it will work. As hon. members know, the agreement of sale in Manitoba is on a crop basis. A man holding a mortgage to-day feels rather insecure. All these people are asking is that they get their share in those years when there are good crops. They suggest that when crops are poor the interest be cancelled for that year. Surely this is worthy of consideration. The crops are the security behind the agreement, and I think it would be only fair if the debts were adjusted along these lines. I would be glad if the Minister of Finance would put this plan before the board of review.

Mr. DUNNING: It is under consideration now.

Mr. CLARK (York-Sunbury): I quite agree with the hon. members from Ontario who have referred to the damage that has been done to credit in that province as applying also to New Brunswick. Under the present working of the act, the board of review sits upon a case and gives judgment, and in many instances that is the end of the matter. The people do not have to pay anything to come to the board of review; they figure they will not have to pay anything thereafter and many of them do not pay anything. I know of one case that came before the board recently where a farmer owed only $232 in addition to a mortgage. His proposal was to pay $150 on the mortgage. The matter came before the board of review and the judgment was that he would pay only $125. The judgment was worded so that he would not have to pay anything for three years. Upon protest being made to the board, the judgment was changed so that he would have to pay interest every six months, but even this has not been carried out. Then there are those cases where farmers apply who are not bankrupt or insolvent and cannot be said to be.

Mr. BENNETT: Then the board has no jurisdiction.

Mr. CLARK (York-Sunbury): Such a farmer comes to the board and makes a proposal that if the government will lend him money on his farm, he will compromise with his creditors. Surely it is not a good plan when that can be done. Then the man who was loaned money on mortgage, especially the one who received it for the purpose of making a compromise under the Farmers' Creditors Arrangement Act, is looked upon with disfavour because his getting the money was an incident in his practically cheating his neighbours, in that they were forced to accept a compromise on the debts the man owed. That sort of thing leads to communism. The mortgagor getting money in that way, from his experience with the Farmers' Creditors Arrangement Act looks upon this as a debt that he will never have to pay because it is from the government, so that the spirit of several people has possibly been changed by the one loan from a desire to work out their own problems to one of enmity for or a feeling of dependence upon the state. In connection with one case, the man's neighbour writes about him as follows:

> He owes me too $98. I know he is able to pay for all his debts if he wants to. He is my first neighbour. He is about the biggest farmer of the place but he drinks and sports too much. He told me himself he had done $1,800 the first fall he had the hay press. But it's a scheme for not paying his debts.

Then in another letter the neighbour states:

> He bought a car about a month and a half ago again and runs that car every day up and down.

This man went before the board of review and got the board to require his creditors—there were only a few—to accept a compromise. I understand that he got money from the farm loan board, but that is what his next door neighbour says about him.

I have had a good deal to do with cases and I know that most of the money goes for administration. This act is not in the interests of the people of the province generally and it ought to be discontinued. Surely there is no demand for the continued operation of the act. It would be better for the people if the announcement was made that after a certain date no more cases would be considered in the province. That would be better for New Brunswick and it would restore credit generally to where it has been in the past. As things are now, the people who have money will not lend it on farm mortgages because they fear that they will not get it back in full.

Mr. McNIVEN: The Farmers' Creditors Arrangement Act has been assailed vigorously in many parts of Canada, but I want to assure the committee that so far as Saskatchewan is concerned the act has been beneficial. In fact, I think it is regarded as one of the most beneficial pieces of legislation we have on our statute books to-day. The reason for its introduction in 1934, and its nation-wide application, is just as apparent in Saskatchewan to-day—even more so—than it was then. That condition need not be repeated, as it is well understood by members of the committee.

Parliament has recognized its responsibility in the matter of debt towards the people of Canada, and has taken certain steps to maintain a national equilibrium, and to enable business to continue. In the last revision of the Bank Act, for example, the rate was definitely fixed at seven per cent, with penalties attached for any infringements. That was made necessary because of the tendency—in fact, the practice—of the banks to charge whatever the traffic would bear—seven per cent, seven and a half per cent, eight per cent, eight and a half per cent and nine per cent. Western Canada, in particular Saskatchewan, was the victim of that practice.

Then, too, parliament has recognized its obligation towards debtors by its adjustment from time to time of arrangements with the soldier settler. Practically ever since the original arrangements were made, adjustments of one kind or another have been brought about. There has been a reduction in interest. Adjustments have been made in principal. Now we have before us a plan granting a dollar for dollar bonus to soldier settlers, which is to be offered them until 1941. With that plan I have no quarrel; I approve and endorse it.

Then, we have the Bankruptcy Act and its adjunct, the Companies' Creditors Arrangement Act. The Companies' Creditors Arrangement Act, which was discussed here the other evening, provides a ready method for companies to adjust their indebtedness with their creditors, without the necessity of going through bankruptcy, retaining their good will, preserving something of their assets, and keeping the company away from the most destructive agency which we have, namely bankruptcy proceedings. I do not wish to enlarge upon the benefits of that act, but I say now that it has performed a very real service, and that it is a distinct advance in the administration of affairs between debtor and creditor.

Then, too, we have the Farmers' Creditors Arrangement Act. The preamble to that measure asserts as its purpose enabling farmers to continue on the land and to support agriculture as the basic industry of the country. I am quite prepared to admit that it is predicated upon the bankruptcy of the individual farmer. So far as we are concerned, may I repeat that that act has been of beneficial effect, and has performed a very useful service. A good many have indicated to the committee the desirability of repealing the act, and have indicated some of the features in which it has worked a hardship. It has been stated that it is no longer serving a useful purpose. But the committee will observe from the recitation which I have just made, that no provision is made in any law to relieve the urban residents. There is nothing for the artisan. Is there any group of men who in the last six or seven years have suffered more than the artisans, the people identified with the building trade?

In Saskatchewan the situation is such that we have had only two loans under the Dominion Housing Act, notwithstanding the fact that last spring, during the months of January, February and March, certain loan companies advertised their willingness to take loans on that plan. But when applications were received, so many difficulties were placed in the way that it was not possible to effect a loan.

It may be said that legislation of this kind has been responsible for that situation. I am rather inclined to think, however, that it is the desire of those engaged in the money lending business to preserve western Canada, and Saskatchewan in particular, as a seven per cent, or better, loaning area, and not to permit any invasion by five per cent money.

Because of conditions, we were not able to take advantage of the home improvement plan. Under that excellent plan a smaller amount of money was loaned in Saskatchewan than in any other province of Canada, with the exception of Prince Edward Island. There-

fore it will be observed that there has been practically nothing in the province by way of work or wages for the benefit of the artisan.

Then, we must consider the clerk in the store, the office man and the commercial traveller. The commercial traveller has seen his living whittled away by degrees, has seen his commissions cut and his routes shortened, and has had to contend against competition of one kind or another—all of which meant a reduced income to the traveller.

Then we have the railway employees, thousands of whom have had to accept unemployment, or shorter hours and comparatively few working days per month. Those railway employees incurred obligations by building homes back in the days when agriculture was a thriving industry in western Canada, back in the days of 1927, 1928 and 1929. We must remember 1928, the year in which Saskatchewan alone produced 330,000,000 bushels of wheat, and when railway trains in the fall of the year were passing through Regina at the rate of one every twenty minutes, carrying complete train loads of grain to Fort William. It was during that period that these men incurred obligations by building their homes. Since that time they have passed through a period of intermittent employment, and find that the result of their efforts of bygone days is being gradually whittled away.

Then, too, we must remember the small business man in our towns, villages and cities, the man who finds that his business is being whittled away by the chain store, the great corporation, and that he is being gradually engulfed by their competition.

In addition to these, we have the civil servant who, like the railroad man, incurred similar obligations. In Saskatchewan the civil service has taken its share of the depression. Were the civil service of Saskatchewan put upon the same schedule of pay as the dominion service, it would cost that province nearly $2,500,000 more than it does at the present time. The civil service is a group of men and women who have borne their share of the depression.

Then we have the professional men, the lawyer, the doctor, the dentist, the veterinary surgeon, the surveyor, many of whom have been legislated out of business and who find their practices gone. That, Mr. Chairman, means that this very large group of responsible, honest and well-meaning citizens, desirous of fulfilling their obligations but finding themselves unable so to do, has been left to voluntary or provincial plans for debt adjustment. The provincial debt adjustment plan does what it can; but it is negative rather than affirmative; all that can be accomplished there is to bring the parties together, and if no agreement is reached which the board considers fair, just and reasonable, the board may refuse the creditor the right to take foreclosure proceedings in the courts.

Our provincial government in conjunction with the dominion government made with the mortgage companies an arrangement applicable to the drought areas which provided for the wiping off of certain liens for seed grain, certain dominion liens, and also certain taxes, and the mortgage companies agreed to write off all the interest in arrears prior to January 1, 1935. They also agreed that there should be a six per cent rate of interest for ensuing years. But nothing was done with regard to the urban resident. I thought at the time it was intended that the six per cent rate of interest should apply to all mortgages, but such is not the fact. Mortgage companies are to-day in our larger centres collecting interest at the original rates under agreements which were made back in 1925, 1926, 1927, 1928 and 1929 or thereabouts. That leaves that great group of men and women the one alternative of bankruptcy. And, Mr. Chairman, you will recall the scathing indictment of bankruptcy that was delivered the other evening by the hon. member for St. Lawrence-St. George (Mr. Cahan). It is little wonder that the fear of the farming population with regard to bankruptcy proceedings is shared by the urban resident, and that they are resorted to only as a last resort. If anything were needed to complete the indictment of bankruptcy and bankruptcy proceedings in addition to what was said by the hon. member for St. Lawrence-St. George the other evening, it was supplied by the right hon. leader of the opposition (Mr. Bennett) when, speaking on the second reading of this legislation on June 11, 1934, he said:

> One of the difficulties that gave me the gravest concern about the legislation is the very circumstance to which attention has now been directed. There has grown up such resentment against some of the corporate trustees, on the part of those who have had to deal with them, that I say to the committee frankly I was amazed at the vigour of the protest that came to me from time to time, and during the last few months, in connection with matters of this kind. One of them has been discussed in a legislature, and one of them was discussed the other day in one of the courts of the country, and in the most vigorous terms the judge said that he intended to report the matter to the superintendent in bankruptcy. My experience has been, in connection with the farming population—that is in respect of voluntary assignment; and it does not apply to the province of Quebec at all—that they have complained, first, of expense, and secondly, that corporate trustees are without a soul, without any sympathetic attitude towards them at all.

Such is the indictment of bankruptcy proceedings from two very prominent men, and there are many others who could add their testimony to that which has been already cited. May I say that it is to the tender mercies of the Bankruptcy Act, which has been described in such eloquent terms, that we are leaving this very large group of urban residents.

It is true that some results are achieved from time to time by voluntary adjustment. It is also true in Saskatchewan, under our voluntary debt adjustment board, that some seven hundred foreclosures of urban property have been permitted. I should in fairness to the board say that in many of these cases, possibly all of them, there was an accumulation of principal, interest and taxes far beyond the present-day value of the property and that it was not possible to work out an adjustment.

Just a year ago there was presented to the Saskatchewan legislature a petition bearing some thirteen thousand names, and that petition is abundant evidence of the fact that there was in the urban centres of that province a real need for the application of the provisions of this act. There is need for the creation of tribunals where those who had in the good days incurred obligations might go and have them adjusted on a basis on which they could pay and which would give them a new hope for the future. On the basis of that petition the matter was debated in the Saskatchewan legislature and a resolution was passed containing a number of clauses, of which I should like to refer to numbers three and five. Clause three reads:

> That the scope of the said act be widened to permit of home owners in cities, towns, villages and hamlets making proposals under the act to obtain adjustment of mortgages, agreements for sale, liens and other encumbrances on their homes.

And five:

> That the provisions of the act be extended to make it applicable to retail merchants and traders so as to enable them to claim the benefit of the act.

You will notice, Mr. Chairman, that the resolution asks for the application of the provisions of this act to urban home owners and also to retail dealers, and in making that recommendation the legislature had in mind just the very fear which has agitated the mind of the urban resident with regard to bankruptcy proceedings and what he has come through during the last seven years.

Mr. DOUGLAS (Weyburn): I am very much in agreement with the two proposals which the hon. gentleman has just read. As a lawyer would he tell us how one should go about amending the act to effect these two purposes?

Mr. McNIVEN: Which act?

Mr. DOUGLAS (Weyburn): The Farmers' Creditors Arrangement Act.

Mr. McNIVEN: That is the problem for us at this time.

Mr. DOUGLAS (Weyburn): I wonder if the hon. member has any suggestion as to how one would go about amending the act. I am very much interested.

Mr. McNIVEN: I shall come to that in just a moment, if I may.

It may be asked why we should protect these people and to what extent the protection should apply. I hope that hon. members will not think I am narrow or parochial in my discussion of this matter; but as it is one of the principles of this bill that its jurisdiction be limited to provinces, I am dealing with my own province only. In that province there are seven cities, eighty towns and three hundred and eighty-five villages, with a population something over three hundred thousand. The function that those cities, towns and villages serve is a service to agriculture. It is true that their prosperity depends upon a prosperous agriculture, but likewise a prosperous agriculture depends upon the service which those towns, cities and villages give. They are complementary; they are interlocking; and just as any country depends for its future upon a prosperous agriculture, an agriculture that is carried on by farmers who own and have a substantial interest in the farms which they are cultivating, so, too, a prosperous town, city or village can only be and remain such where a substantial number of its residents own and occupy their own homes.

The results of the situation which I have outlined are these, that those people have experienced a period of drought and all the climatic disasters which have visited our province; they have also been victims of the depression; they have to maintain themselves to-day on a basis where the rentals are 25·7 per cent higher than they were in 1913, where the cost of everything that enters into their households is 11½ per cent higher than it was in 1913; and these very people cannot collect the accounts that are owing to them by the agricultural population, by reason of conditions, by reason of legislation. Under this act and by voluntary adjustments they find that their own accounts have been substantially reduced. They find their ratio of profit in the carrying on of their business is greatly reduced or has gone altogether. They find that on

mortgages and on agreements for sale of which they are covenantors the interest has piled up; and may I say this to eastern Canada, that it is not at the rates of interest which are enjoyed and regarded as commonplace here.

A few minutes ago the hon. member for London said that there was no money available for loans on farms in Ontario. Within the last few days I have had several conversations with a gentleman in Ottawa who informed me that there is active competition to-day in this city for loans on city properties. He also volunteered the information that they had not known in the last fifteen years a loan exceeding 6 per cent interest, and that most of the loans during that period had been on a basis of 5 and 5½ per cent. I have seen mortgages on western homes varying all the way from 7 per cent to as high as 22 per cent. It is no wonder that on such a basis interest has piled up. Likewise taxes have increased. Urban centres have a relief problem. Our own city pays 20 per cent of the entire cost of relief, pays all of the administrative expense, carries the medical bills for relief recipients, as well as dental bills, opticians' bills, hospital bills, and a hundred matters of that kind. In the last five years we have seen our assessment grow from forty mills to fifty-one mills; and I sometimes wonder when I hear our Toronto friends complain about an assessment of around thirty-two or thirty-three mills and complain very bitterly because there is a possibility of that assessment increasing during the next year on account of relief.

There is also a tendency, in fact a very marked effort on the part of mortgage companies to recoup as far as possible some percentage of their losses in agricultural loans by continuing the prevailing rates of interest and insisting upon the letter of the bargain from their urban mortgagors. Then, too, farmers have moved into the city, and I could give the committee a number of distressing cases of that type, where farmers have sold their land, taken the cash payment, bought a home in the city and assumed a mortgage on that home. They now find themselves without any revenue from their farms, and are unable to get any adjustment with or any protection from the mortgagees who have the mortgages on their homes. They are without revenue and are about to lose what interest they have in their own homes.

There is another reason for the situation that has arisen. Times without number during the years 1920 to 1930 mortgagees refused to accept prepayment of their mortgages. They have also refused to accept payment of instalments in arrears unless accompanied by a bonus of three months' interest. If mortgagees had been willing during those years to accept prepayment of their mortgages there would not be nearly so much difficulty or trouble to-day, but they refused so to do, and are now lamenting the results of that refusal.

In addition to this increased overhead, these accumulations of interest and taxes, every one of these men and women in employment in our urban centres, irrespective of their location, has had to accept a substantially reduced income. It is not possible for these men and women on the basis of their present-day income to meet obligations that were incurred in 1928 and 1929. It therefore seems to me to be part of our obligation that we should seriously consider a workable plan for the relief of these people who have accomplished so much, put up with so much, and faced a difficult period so valiantly.

I know that one of the difficulties is to work out a plan whereby the provisions of this act would be applicable to urban centres. In that regard I am going to refer to the original debate on June 18, 1934, in which the leader of the opposition, discussing this bill, and in reply to a question by Mr. Hanbury, made the following statement:

> Offhand one would say, considering the kind of cases that will have to be dealt with, that here the whole arrangement is predicated on the ability of the man to pay. There need be no plan at all. If the board concludes that the man will never pay they should not make an arrangement. This is predicated on the assumption that the man has indicated, by his past history or by his present surroundings and conditions, his ability to pay something. He makes a compromise accordingly. . . .

The right hon. gentleman said that there need not be any plan at all, and perusal of many of the adjustments that have already been made under this act will show that quite evidently there was no plan at all. Because of past experience with the productivity of the soil, the board arrives at a basis on which it thought the man could pay. As I say, the leader of the opposition said that there need not be any plan at all, and then we find a number of others for whom a plan has been formulated. Prior to that there was a crop failure for some four or five years. It seems to me, therefore, that we can very well adapt the principle of this act to the urban residents, and that can be done by drafting a new part in language similar to that contained in the original act, making it applicable to urban centres. The principle of the bill would be the same; the purpose would be

complementary to the original purpose of the act. I say, Mr. Chairman, that the responsibility stands out as a challenge to us as members of the House of Commons to take some action with regard to the situation in which 300,000 people find themselves, and which was emphasized in the petition executed by 13,000 of them. They are the victims of depression, the victims of drought. They find an accumulated liability which it is impossible to meet, and any attempt to meet that liability in full will result only in an impairment of their future, so that they will approach the next economic cycle with assets diminished to such an extent that for them life in the future will amount to nothing more than one continuous chain of depressions. I ask that the committee and the minister in particular give serious and careful consideration to the formulation of a plan which will give some relief to urban residents.

Mr. TOMLINSON: I would feel remiss in my duty if I did not place on Hansard my objections in general to this bill. I listened to the very capable speech of the hon. member for Regina City (Mr. McNiven), and I noticed his reference to adjustments made by the soldier settlement board in connection with reductions in interest and so on. That is all right; but I would ask, Who reimbursed the government for any reduction in interest or in principal? Naturally, the government. I never could quite understand, when this act was first passed, why they singled out the farmer and said to him, "With your particular creditor we are going to allow you to make application to have your debt adjusted, your interest and principal if necessary, and the creditor alone must stand the loss." I realize that in 1934 the farmers were in a very serious condition. The prices of their crops and of their live stock were very low; they were compelled to accumulate debts, and probably at that time something had to be done to assist them. But it is my contention that if we desired to save the credit of the farmer, it should, as a government, have agreed to pay the loss that any single creditor would have to sustain on the principal sum. That has always been my contention. I might say further that if that had been the case, boards of review, especially in Ontario, would have made much more careful decisions and reports. They would not have been so free to say to the debtor, "We shall cut your principal in half regardless of the creditor's situation."

I cannot help it, but it is impossible for me to illustrate my contention without citing a certain case. On one application in Bruce county the debtor did appear before the official receiver first and then before the board of review. The board of review decided first to cut the unsecured creditors fifty cents on the dollar and do away with all interest, and they also decided that the principal of the mortgage should be reduced. But what did the debtor do after receiving his order? His first desire was to retain his credit in the town in which he dealt. The next day after the order was issued he came into town and paid in full his debts in that one particular place. He had only one idea—he wished to retain his credit. And this is what this act is doing to-day in Ontario; it is destroying the credit of our farmers.

Another case I have in mind was one in the county of York where the board of review had decided that payment of principal and interest should be made on the thirty-first of December in each year. The first payment was due on December 31, 1937. This farmer decided that he would realize all he possibly could before December 31. So he had a sale of his farm stock and implements on December 30, and the creditors had no right of action until January 1. Of course in that case the creditors lost all.

That is one reason why I say that the proclamation of this act should be dealt with in the very near future. I quite realize that to do away with it immediately might cause confusion. I can also realize the plight of the people of Saskatchewan, and why they desire this act; it is because of the high rates of interest and the drought, and probably people in the cities as well as on the farms desire it. But in regard to the extension of this act to town and village residents, I would say that the statement made by the hon. member for Regina is quite correct, that in our towns and cities in Ontario we can borrow money. Transactions and transfers are taking place. But if the act be extended, we shall certainly have greater confusion, loss of credit and loss of value in our homes and real estate.

I believe the minister has on file a resolution from the county council of the county of Bruce; I think I forwarded it to him last year. That county council consists of a reeve from each township and each municipality in the county. Those reeves in turn represent the residents of their townships. Having spoken of this last year, and placed on Hansard the cost of this act, the way it was administered and the doubt it has caused in the minds of men who might desire to lend money on farm properties, I believe that it would be in the best interests of the farmers to have this act declared in the near future not in force in Ontario. I believe this would

increase the values of our farms and would give our young men and women an opportunity to borrow money when they desire to start out in life. To-day they have not that opportunity. unless they go to the Canadian farm loan board, and the restrictions in the act under which that board operates are very harsh. I hope the minister will give this matter his serious consideration in the near future.

Mr. WEIR: Apparently the popularity of this act depends upon where you live. As far as western Canada is concerned, I think sufficient evidence has been presented this afternoon definitely to impress on the committee that this legislation was necessary, at least at the time it was enacted. I think all the western provinces already had debt adjustment legislation, which, however, could not adjust anything; it really only stayed proceedings, and adjustments were made in which voluntary concessions were given on both sides. Then this legislation came along and provided the necessary machinery to complete settlements. It has served a useful purpose. As far as the act generally is concerned, I would not hazard a guess as to what percentage of cases have been actually dealt with by the board of review itself, but I think it furnished an incentive for a great many voluntary adjustments made by individuals without going to either the official receiver or the board of review. That is all to the good. In the part of the country from which I come a great many of the adjustments, as far as the farmer and his creditors were concerned, were made voluntarily through the official receiver. That is the cooperative concession which has been made on all sides.

A great deal has been said about the effect the act had on the farmer's credit. I honestly believe that the credit of the farmer is better to-day after he has gone through the board of review than it was before, for the simple reason that he did not have any credit or he would not have gone through the board. Therefore, I think it is correct to say that his credit has not been affected. It is true the act has created some hardships and dissatisfaction, and there have been some abuses. Some of our merchants have suffered unduly; some of them have been treated unfairly, or at least it would appear that way. At the same time I think it is only fair to ask what they would have got anyway had the farmer not gone through the board of review. In most cases there would have been nothing.

I understand that ordinary bunkruptcy legislation, if it could have been made applicable to farmers, would have achieved practically the same result as this legislation has. But when it was not applicable to the farmer, then something else was necessary, some cheap form of procedure for adjustment of these debts. Had the farmer been able to avail himself of ordinary bankruptcy legislation, these creditors who are making such a cry to-day about the manner in which they have been used would have been in exactly the same position as they are under this board of review. So in that respect I do not think they have suffered. I just wish to emphasize again that the legislation has assisted in bringing about many voluntary settlements which otherwise might not have taken place. And strange as it may seem, instead of requests coming from western Canada to have the operation of the act discontinued, we are actually receiving requests to have it extended to other classes of people, particularly those in towns and villages, and merchants to some extent.

Mr. BENNETT: Mr. Chairman, it hardly seems nearly four years since I stood in my place across the chamber and introduced this bill in the house. It was predicated upon two considerations. The first was that it was desirable to keep the farmers on the land. That was part of the preamble of the act, that they should be retained in possession of their farms. The second was that inasmuch as under section 7 of the Bankruptcy Act a farmer could not take advantage of the provisions of that statute, we should without making him bankrupt give him all the benefits which would accrue if he were able to take advantage of that statute.

The delay in introducing that measure, from 1930, was owing to the fact that there was grave doubt on the part of lawyers as to our right to introduce it at all. It was felt by many that it was within the sole jurisdiction of provincial legislatures and not of this parliament. However, in the session of 1932-33 we introduced the Companies' Creditors Arrangement Act, and on reference to the court it was held to be intra vires. There was pending in the courts a case known as Larue and the Royal Bank of Canada which went to the privy council, and it was held that legislation of a certain kind was intra vires. Therefore, we concluded that we had the jurisdiction to introduce this statute as a bill, which we did.

I have been very much impressed with the criticisms which have been urged against this measure. They have been urged by the hon. member for Bruce (Mr. Tomlinson) to-night. But I submit that there has been a complete misunderstanding of the basis of

this legislation. Once it is understood, I cannot think for a single minute that there would be any objection to it so far as principle is concerned. The hon. member for Macdonald has referred to that principle. It is hardly necessary at this time to refer to the fact that legislation dealing with bankruptcy is very old in the British Empire. The theory of bankruptcy goes back almost to prehistoric days, to the dawn of civilization. When men began to make arrangements and to have institutions, they began to realize that an honest man should have another chance and that if his assets were divided ratably among his creditors, he should be discharged from further liability and given another opportunity to start in life. That is the theory of bankruptcy legislation.

Bankruptcy measures have been on the statute books of Great Britain for many years. We had a Bankruptcy Act in this country in the early days, but it was not found to be satisfactory and was repealed. In 1919 we placed upon the statute books what is now known as the Bankruptcy Act. The theory of bankruptcy is that all the assets of the individual shall be liquidated and his creditors shall receive ratably among themselves the proceeds of the sale of the assets. Obviously we could not keep the farmer on the land and follow that principle, so we provided that instead of his being sold out when he could not pay his debts, instead of his assets being realized upon and divided ratably among his creditors, he should be permitted to work out his own salvation on some scheme or plan which would be effective, having regard to all the circumstances of each case.

The hon. member for Macdonald pointed out quite properly a moment ago that voluntary arrangements have been made in a great many cases. Just as soon as it was apparent that this legislation was on the statute books, these voluntary arrangements became the order of the day. As soon as it was apparent that by voluntary effort and cooperation these arrangements could be carried out, when the extent to which the statute went was not generally known, these settlements were made; but when it became apparent that the statute was of much wider consequence, then appeals to the boards of review became more numerous. It is for this very reason that the board of review is presided over by a judge. This is in order that judicial procedure shall mark the operation and conduct of the proceedings under the act. In other words, the true bankruptcy significance of the act should be apparent in the acts of the judge who presides over the board of review.

In many cases it was quite clear—this was particularly so in one province—that the official receivers went around soliciting business. That was done when they were paid on the basis of so much for each case. I looked at a return supplied by the Minister of Finance for all provinces, and I saw one community with less than 90,000 people where the activities of the official receivers were marked indeed. I am sure that if hon. members have looked at this return they will be struck with, shall I say the versatility of the official receivers and their great ability in getting business.

But what happened in other cases? First of all, we have the official receivers; then we have our board of review consisting of a judge and representatives of the creditors and the debtor. I wish I had the time to refer to the circumstances under which those provisions became part of the law of the country. However, I will say to the hon. member for Bruce that representatives of the loan and lending companies of this dominion came together here at Ottawa. I met them personally and spent the major part of half a day with them in the first instance, and later on a lesser time. They realized the situation was such that while it was not desirable that the farmer should come under the provisions of the Bankruptcy Act, some proceeding in the nature of bankruptcy should be resorted to if we were to keep the farmer on the land and give him an opportunity to work out his own salvation.

Now, having gone that far, having had the official receiver and having had the board of review, we found that this question at once arose: Can you deal with the secured creditors? Here is a situation where you have a mortgage, where you have a bank with security, sometimes in the form of a chattel mortgage—could we deal with the secured creditor? Under a voluntary arrangement, except by consent, the secured creditors were not made subject to the provisions of the act; but just as soon as they went to the board of review where steps were taken by the board to formulate a scheme, jurisdiction was conferred to deal with secured creditors. The result was and is that in many instances the secured creditors have had their security cut in half. There have been instances in which it has gone that far. Why? Because the value of the assets on which the mortgage was given was less than half the amount of the mortgage. In other words, the present value and the possible improvements that might take place determine the action of the board of review. In other

words, the board's action was based upon the present value plus probable improvement in value.

Mr. DUNNING: That is where the matter of opinion enters which gives so much difficulty.

Mr. BENNETT: With respect to the first factor, there has always been a little difficulty; with respect to the second factor, there has always been much difficulty, for the simple and obvious reason that it was always most difficult for men to arrive at unanimity as to what the probable future would be. For instance, I have known cases in which opinions were expressed that the future would be rosy and bright, but unfortunately there was no rain the next year and the future became darker than the past. That position has arisen frequently in western Canada.

I put this question to the hon. member for Bruce: Why should a farmer be denied the benefits of the principle of the bankruptcy law? Bankruptcy law is one of the oldest marks of civilization. I said a moment ago that it is predicated upon the thought that an honest man who was willing to hand over all his assets to be divided among his creditors should be entitled to be discharged to start again free from judgment or action against him. Owing to economic conditions, the assets of the farmer had changed in value so that it was quite impossible to realize upon them anything like the amount of his indebtedness. He is now receiving the same measure of justice as though he were a trader; but instead of selling out his assets, he is retained in possession of them and he works out over a period of years his economic salvation. That is the purpose of the act. Why should we say that he is not entitled to it as much as the trader? Why should we say that we have a bankruptcy law passed in this country in 1919 for the benefit of all those who seek to avail themselves of it, and not make it available to the farmer?

But the farmer of course, did not wish to go through bankruptcy in the way in which that term is technically and legally used. So we provided that instead of his making an assignment under those circumstances, instead of his having an assignee in bankruptcy, or a trustee in bankruptcy, we provided this simple machinery at the cost of the state to enable the farmer who creates new wealth—the greatest creator of new wealth outside of those who discover gold and petroleum, the greatest continuous producer of new wealth—to have his assets—including mortgages, and including his secured creditors—ratably divided among them, not on the realization of his assets, but on the estimate of their present value, together with an opinion—which is an estimate—of what the future would bring to that man. That was the theory.

Mr. DUNNING: As a going concern.

Mr. BENNETT: Yes, his living on the property. Obviously this involved a tremendous amount of worry and anxiety as to how it would be possible to effect that purpose. The drafting of this measure was not a simple thing; it involved a tremendous amount of work. I think I can say in no spirit of egotism that I drew some of those sections myself, with great deliberation, toil and care. Well, we put the act in force, and appointed trustees. Then difficulties arose; in 1935 before we went out of office, we made amendments to meet that situation, and the act has operated, I think, fairly successfully.

When I heard the hon. member for Weyburn to-night talking about $158,000,000, I thought one must realize how vast a sum that is. It is a sum equal to half or practically half the national debt of Canada before the war. If I remember correctly, the reduction was something over forty-four per cent. Have I misstated the figure?

Mr. DUNNING: That is approximately correct.

Mr. BENNETT: That was not an arbitrary act of arbitrary individuals. That was an act taken after due consideration either by agreement on one hand, or by the action of a board headed by a judge, on the other.

Mr. DUNNING: In each individual case?

Mr. BENNETT: Yes, not in the mass, but in each individual case. Someone has said that it injured the credit of the farmer. Why should it injure the credit of the farmer? Does it injure the credit of traders in this country that they one day may be subject to bankruptcy? That was the argument which was made when we placed upon the statute books of this country a bankruptcy act. That is still the reason why many people are opposed to bankruptcy legislation.

Mr. DUNNING: Would my right hon. friend permit me to correct a figure? It is thirty-one per cent in the whole of Canada.

Mr. BENNETT: Yes. I took the word of the hon. member for Weyburn but did not look up the figures.

Mr. DUNNING: It is forty-four per cent in Saskatchewan.

Mr. BENNETT: Yes, forty-four per cent in Saskatchewan and thirty-one per cent in the whole of Canada. What is the sum total for the whole of Canada?

Mr. DUNNING: The amount of reduction is $50,189,000.

Mr. BENNETT: Yes, over $50,000,000. Now, this was not an arbitrary act. I have said that it is done by this board, in the ultimate analysis, and each case is dealt with on its merits. Would it be possible to have 26,000 cases dealt with, Mr. Chairman, by any group of men, without cases arising where there would be bitter criticism as to something with which they had dealt? I admit this, that when men deal with these things continuously they develop a bent to their minds either favourably disposed or otherwise to the creditor or debtor class. In this instance throughout Canada I think it is fair to say that the sympathy of the board is given to the farmer.

Mr. DUNNING: There is no doubt about that.

Mr. BENNETT: I think there is no doubt about it. And in the light of that sympathy, it may have created in the minds of some of us the idea that the law has not been strictly enforced; for the basis of the legislation, as I said in the house four years ago, and again to-night, was insolvency. Let there be no misunderstanding about that, because we could not be here at all if it were not for the fact that the basis of it is insolvency.

Look at the statute. The statute itself makes it perfectly clear in section 6, that it must be that. It states:

(1) A farmer who is unable to meet his liabilities as they become due may make a proposal for a composition, extension of time or scheme of arrangement either before or after an assignment has been made.

(2) Such proposal shall be filed with the official receiver who shall forthwith convene a meeting of the creditors and perform the duties and functions required by the bankruptcy act to be performed by a trustee in the case of a proposal for a composition, extension of time or scheme of arrangement.

And the chief justice of Canada, when this statute was before the court, summarized it as follows:

The provisions of the statute are made a part of the general system for the administration of the assets of bankrupts and insolvents established by the Bankruptcy Act, and they come into operation only where a farmer who is unable to meet his liabilities as they become due makes a proposal for a composition, extension of time or scheme of arrangement.

That is the language of the Supreme Court of Canada. Bearing in mind that that is the basis of all these proposals, the basis of this legislation, can one for a single moment say that, as was said by the hon. member for York-Sunbury, these men were not insolvent? If they were not insolvent the board had no jurisdiction, and the courts of the country could issue a prohibition against them proceeding. But when you hear an hon. member of this house or elsewhere say that men were not insolvent, I say: Who has failed in the discharge of his duty? The board had no right to hear such cases. If they did so, that is not because the law is bad, but because it is administered badly. It is because those who had no right to hear have heard. But I am bound to say my examination led me to the conclusion that I have not yet been able to find a single case where an allegation was made that the man was not insolvent that the evidence did not disclose that he was hopelessly insolvent. How could he be otherwise? He files there a statement of his debts, and you see at once what they are.

Mr. DUNNING: There are occasionally different cases.

Mr. BENNETT: Yes, but those usually depend upon the question of arriving at values.

Mr. DUNNING: No, in some cases in the absence of mortgage indebtedness.

Mr. BENNETT: You can put it in that way if you wish. I agree that if there are no secured creditors the difficulty is greater than in dealing with cases where there are secured creditors, by way of mortgage or otherwise. There is no question about that, because you have the valuation placed upon the property at the time the mortgage was made that usually represents about sixty per cent of such appraised value—very often about fifty per cent.

There are some further matters I desire to deal with, I am sorry to say, but—

Mr. DUNNING: We will permit the section to stand, if my right hon. friend wishes to speak.

Mr. BENNETT: There are two or three things I should like to suggest should be done with this statute. I have in mind the case which arose in Alberta. I think it should be made abundantly clear that the statute is within itself a charter which controls and governs the whole administration, and that it should not be a question of any application being made under a bankruptcy act, which, of course, if applied, does not apply in the case that arose in Alberta, for the reasons given by the chief justice. I think we should deal with that.

Then, we should deal more broadly than has been done, with the question of who is a farmer, because we followed largely the definition in the Bankruptcy Act when we were dealing with that. We should deal with the case in which farmers are incorporated. For instance, many families have incorporated themselves as limited companies, those families living on the land. We should not deny them the benefit of this because they have studied the problem and have taken this form of conducting their business.

There are two or three other cases to which I should like to make reference, but it is now eleven o'clock.

Mr. DUNNING: Before the committee rises and reports progress I might say that following the discussions of this afternoon and this evening on various sections I want to have an opportunity of again consulting the law officers with regard to some suggestions which have been made. I do not intend to bring the bill into committee of the whole again without having a thorough examination made of all the suggestions which have been put forward this afternoon, including those summarized by the right hon. leader of the opposition in his closing remarks. When I come back I hope to be able to indicate finally the length to which the government is prepared to go in regard to all matters discussed to-day.

Section stands.

Progress reported.

On motion of Mr. Dunning the house adjourned at 11.05 p.m.

Monday, March 21, 1938

The house met at three o'clock.

RADIO BROADCASTING

FIRST REPORT OF STANDING COMMITTEE CONCURRED IN

Mr. A. L. BEAUBIEN (Provencher) moved that the first report of the standing committee on radio broadcasting, presented to the house on Friday, March 11, be concurred in.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

MOTION FOR ADJOURNMENT TO DISCUSS MATTER OF URGENT PUBLIC IMPORTANCE—PROPOSED LAY-OFF OF SHOP EMPLOYEES

Mr. A. A. HEAPS (Winnipeg North): Mr. Speaker, under standing order 31 I desire to ask leave to move the adjournment of the house for the purpose of discussing a matter of urgent public importance namely, the proposed lay-off of large numbers of employees of the Canadian National Railway shops throughout Canada.

Mr. SPEAKER: Is it the pleasure of the house that the hon. member shall have leave to introduce his motion?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, just before my hon. friend proceeds, may I ask your honour whether notice of his intention has been brought to your honour's attention and if you agree that the matter is one of urgent public importance?

Mr. SPEAKER: The matter was brought to my attention this morning by the hon. member, and I think it would be in order for him to proceed to discuss the matter if he has a sufficient number of members to support him.

And leave having been granted:

Mr. HEAPS: Mr. Speaker, I do not propose to discuss the general question of unemployment; I shall confine myself to the terms of the motion to adjourn the house for the purpose of discussing the proposed lay-off in the Canadian National Railway shops, not only in the greater Winnipeg area, but as I understand it, throughout the whole Dominion of Canada. The lay-offs are to take place within the next few days, when, according to my information, many thousands of employees of the Canadian National Railways will find themselves without employment, and many without the means of subsistence.

It is rather a serious thing, Mr. Speaker, that the government, who are really, in a sense, the owners of the Canadian National Railway shops—

Mr. MACKENZIE KING: Not the government.

Mr. HEAPS: The Prime Minister is quite right, I should have said the management of the railways. It is a serious step for the management to take, and reduce the personnel by approximately fifteen per cent. I am not entirely blaming the management of the railway for the drastic step they are taking, probably by reason of falling revenues and the falling business barometer. Nevertheless we have a responsibility in this house when we find that employment conditions are becoming worse and that the management of the government railway propose to discharge a large number of employees at a time when there is very little opportunity for the men to find employment in any other part of the dominion.

I maintain that the government have a responsibility for two reasons: first, because the railways are a government owned institution; and second, because large orders have been placed by the railways with private concerns for the manufacture of railway equipment which, I have been told by employees of the railways, could have been produced in the railway shops themselves. That may not be a very important factor if we discuss the unemployment situation from the dominion standpoint, but in so far as the government shops are concerned it is indeed a most important consideration.

I wish to draw the attention of the government also to the fact that if numbers of men are laid off, as stated, it is going to throw upon the municipalities a burden which it is almost impossible for them to bear. We have been told time and time again in this house that unemployment is in part a municipal as well as a federal responsibility, but in a matter of this kind I do not think that any member of this house would care to suggest that the municipalities ought to be burdened with the additional cost that would no doubt be thrown upon them if this large number of men were without employment.

I have received, as no doubt other hon. members have, communications from the municipalities showing how apprehensive they are of the existing situation with regard to this proposed lay-off. I will not do more than quote a part of one communication from the Winnipeg Suburban Municipal Association. Under date of March 12, they have written a letter—I have no doubt the Prime Minister (Mr. Mackenzie King) and other members have received a similar communication—which reads in part as follows:

> The Winnipeg Suburban Municipal Association view with very serious alarm the announced policy of the Canadian National Railways to lay off a large number of their employees in the Transcona and Fort Rouge shops which would result in increasing considerably the relief burden of municipalities already taxed beyond their limit, and which measure would also constitute an incentive to other large employers of labour to follow suit.

This is signed by Ernest Gagnon, secretary of the Winnipeg Suburban Municipal Association.

Perhaps it would not be out of place for me to indicate what it means to the municipalities when a large number of men are thrown upon public relief. I will give the figures for the city of Winnipeg covering the seven year period from 1931 to 1937 inclusive. During that period the total cost of relief in Winnipeg was $24,162,191. Of that amount the share which the city of Winnipeg had to carry was $9,944,083. The peak of this load was in the year 1935, when Winnipeg had a burden on its own account of $1,886,504. The estimate for 1937—the fiscal year and the calendar year in Winnipeg being identical—was $1,520,000 for unemployment relief. While it is true that unemployment has decreased by a small percentage, about ten per cent as regards relief, the burden is practically the same as it was in the peak years, for the reason, as I am informed by those who administer relief in Winnipeg, that owing to the increased cost of living the reduction in the number of unemployed makes little difference, and the burden is therefore more or less the same from the standpoint of the municipalities.

The city of Winnipeg had to provide this amount by borrowings; it could not do it out of taxation. I am further informed by an alderman who was here last week to interview the government that Winnipeg has now to provide annual interest charges to the extent of over half a million dollars as a result of capital expenditures incurred for unemployment relief during the past seven years.

At this time, when unemployment relief expenditures are breaking the back, not only of Winnipeg, but of many another municipality in Canada, it becomes a very serious matter to have a further load placed on municipalities in consequence of any large lay-off in the railway shops, whether they belong to the government or are privately controlled; and the government should either see that the thousands of men laid off obtain employment, or, if it is said that this cannot be done, see to it that they shall not be thrown upon the municipalities, thus adding to the cost of relief.

I do not want to go further into the question at this time. We have been hearing a good deal in this chamber about the more prosperous conditions that prevail in Canada, but I am inclined to think that the proposed lay-off in the railway shops is indicative of conditions that are beginning to manifest themselves in various parts of the country. I understand that in other large industrial establishments employing considerable numbers of men the same conditions are becoming apparent. This ought to act as a warning to the government of what may happen in the immediate future. We as the elected representatives of the people cannot allow a condition of this kind to prevail without taking definite steps to meet it. My only object in bringing this matter to the attention of the government and of the house is to ask that definite steps be taken to meet the conditions that have arisen and are likely to

arise in other industries, to the end that the men involved will not become a public charge. These men do not want to be the recipients of public relief; they ask for an opportunity to work and to earn their own living.

Without going into the greater question of unemployment at large, which no doubt will be taken up later in the session, I should like to see the government take definite action to avert the threatened catastrophe so far as thousands of men on government railways are concerned.

Mr. RALPH MAYBANK (Winnipeg South Centre): I am glad that the hon. member for Winnipeg North (Mr. Heaps) has raised this question, but sorry that it was necessary for him to do so. I had not been aware that the lay-off he has been speaking of was to be so widespread. I had rather had intimation that it would take place only in the neighbourhood of my own city; it is all the more serious if it is to apply over the entire country. I look at the matter, of course, from the point of view of my own city. It is a sad and serious circumstance, and if anything at all can be done to avert the calamity I urge most earnestly that it be done.

I do not propose to speak at length on the subject. I believe that the main point with reference to this tragedy—one can call it nothing less—was very well covered by the hon. member who has just spoken. It seems strange that remarks should be made about men going on relief coupled with the incident of a short, or relatively short, lay-off. It might be thought that persons who have been at work a considerable length of time would not immediately reach the relief rolls. But the situation in railway life is briefly this. In the first place, men work according to their seniority; those who are junior in the service will be laid off first, and all the men to be laid off, variously estimated at from 500 to 1,000, will be junior men. For the last several years they have not had any opportunity of saving money. The matter came home to me most pointedly when I received in the mail a letter signed by a large number of men—I estimate at least about 350. It was the original document, with the actual signatures —not a copy. I was pained and greatly surprised to see included in the list such a large number of men I know personally, and of whose circumstances I am keenly aware. If men such as these are put out of work at this time they are bound to reach the relief rolls almost immediately, and they will be a charge upon the dominion government, the provincial government and the municipality. The city of Winnipeg and the surrounding municipalities are simply unable to carry the load which may thus be imposed upon them. Winnipeg itself is in a very difficult situation financially at the present time and cannot carry any more. If there is anything the government can do to avert such a catastrophe, I urge most earnestly that it be done.

Mr. L. A. MUTCH (Winnipeg South): A large number of the men to be laid off if this proposal is carried through are my own people, a large percentage of whom live in the constituency which I represent, in which the Fort Rouge shops are located. It occurs to me, knowing the conditions which have obtained with respect to railway workers generally in that locality for a number of years, that at this time, the government-owned railway can hardly afford to lead the procession in creating unemployment. We have had a situation in our city which amounts to the maintenance of what I call a labour pool. As far back as last September or October I had some communication with the Minister of Labour (Mr. Rogers) with respect to this labour pool. Last summer we had a lay-off on the other railway, some 590 men, and about that number of families found themselves on relief within thirty days. A few of the men found some kind of temporary employment. The situation on the other railroad has been more or less similar, and I fear that this is the beginning of it, or rather a renewal of it, on the Canadian National. The taxpayers of the greater Winnipeg area have been maintaining 500 to 600 trained railway workers for about nine months of each year for the last four or five years in order that the Canadian Pacific Railway Company might enjoy their services for the remaining part of the year; last year I think they worked about nine weeks. We have been congratulating ourselves that the city was not asked to bear that kind of burden imposed upon it by the government-owned railway.

The situation is made even worse by the fact that those who should know tell us that there is enough outstanding work to keep everyone who has been trained in railway shops working. The men have been gratified at the measure of employment and the sense of security they have had in their jobs; and then this kind of thing comes along and spoils it all.

Frankly, I am more interested in the humanitarian aspect than any other. I know a large percentage of these people; many of them have been working only part time for the last six or seven years. They have had barely enough work to keep themselves

going, and their resources and their household goods have been constantly diminishing. Whenever they got work they had to do a certain amount of replenishing, so that there have been no savings over their daily needs. If, therefore anything can be done to avoid a repetition of what happened last summer on the other railroad in respect to the laying off of men, I hope the government will do it.

Mr. J. P. HOWDEN (St. Boniface): I could not very well claim to represent the constituency that sent me here if I failed to say a word on this occasion. The shop that will perhaps be most largely affected by this lay-off is the Transcona shop. When the Grand Trunk Pacific railway was built the starting point was made at a point about five miles from Winnipeg, called Transcona. Extensive shops were built there, and a plant established covering between a quarter- and a half-section of land. A town of about 7,000 inhabitants grew up around the shops. As Ottawa depends on the seat of government and the civil service for maintenance, so the town of Transcona depends on the shops of the Canadian National Railways. North Winnipeg and south Winnipeg, and to a very large degree the city of St. Boniface, from which I come, also have considerable numbers of men working in the Transcona shops.

The government have stated time and again that there shall be no political interference with the management of the Canadian National Railways. But years ago the government assumed the role of government ownership of this railway, and it makes little difference what attitude may be proclaimed from this house or elsewhere; the government is in some degree held responsible for the welfare of the railway. When the last administration was in office an advance of some $15,000,000 was made to the two railway systems for the purchase of equipment. We naturally thought that this money would be expended largely by the railways directly in their own shops, but a very large proportion of it went to contract shops. I have heard quite recently that the Canadian National Railways are expending a further $6,000,000 or $7,000,000 in railway contract shops. The government ought to be consistent in this matter; having adopted government ownership of the railway, they should see it through. It is true that the men who work in the contract railway shops need to live, the same as the employees of the Canadian National Railways. But that is not so much a direct concern of the government as the continued operation of the shops of the government owned railway.

As has been already pointed out by previous speakers, if these men are thrown out of employment there will be thrown on Transcona and St. Boniface and Winnipeg and other municipalities an insupportable burden. I feel that this matter can be readily adjusted, and therefore I wish to add my word of protest and appeal to the Minister of Transport (Mr. Howe) and the government in this connection.

Mr. A. MacG. YOUNG (Saskatoon): Mr. Speaker, so far we have heard from hon. members who live in or near the city of Winnipeg. I represent a constituency in which there is a very large group of Canadian National railway workers, and I might add that I know of no finer group of people anywhere. It has been and must be recognized that the government has not direct control in connection with this matter. This railway is under a board of management, who in turn have under them officials of the road, and I have always been very proud to think that by and large there has not been political interference at any time in the management of the Canadian National Railways. I do not think we should urge the government or the management of the company to do something that should not be done, but I do believe that in times like these, particularly in western Canada, to take away employment from men under the conditions which exist there is something which, if at all possible, unquestionably should be avoided.

In regard to Saskatchewan in general we have heard in this house very much about the general difficulties that exist, and it will be recognized that when men are laid off work it is going to add to an already intolerable burden. My suggestion to the government is that if there is work that can properly be done, particularly in these western provinces, by all means let us advance to the railways whatever money will be required in order that such useful and proper work may be carried on. I would very much rather see public works constructed than have men receiving the dole. I have never advocated the construction of public works merely for something to do; they must be of a type and kind which will be useful, and which will not thereafter add to the burden on the state. I believe that in these railway shops useful work can be done, and I am going so far as to ask the government to urge the officials of the Canadian National Railways to go the limit in providing work during these very difficult periods for the men who are engaged by that company.

Mr. J. M. TURNER (Springfield): Mr. Speaker, I rise to endorse what has been al-

ready said, and particularly the remarks of the last speaker. In my constituency there are a great many employees of the Canadian National Railways at Transcona and Fort Rouge. These men live in East Kildonan, but work in the Canadian National shops. I have received many complaints from them in regard to this matter, and I urge the government to do whatever can be done for these men.

Mr. R. E. FINN (Halifax): Mr. Speaker, I agree with the hon. member for Winnipeg North (Mr. Heaps), and the other hon. gentlemen who have spoken. It does seem to me that at a time in the history of Canada when there is so much unemployment—though it has been largely reduced—the government through the management of the Canadian National Railways, should not set a new pace in regard to further unemployment. In my own constituency of Halifax there are very many men out of employment under the National Harbours Board, which comes under the jurisdiction of the Minister of Transport (Mr. Howe). I regret that the minister is not in his place to-day to deal with the question that is before the house for consideration.

Some hon. MEMBERS: He is here.

Mr. FINN: I am very glad he is here and that he will hear what I am going to say. It seems to me that, since seniority counts, it is the juniors who will be put out on the sidewalk if this retirement is carried out, and while we have not direct responsibility in connection with the Canadian National Railways, which are under Mr. Hungerford and a board of directors, something should be done. Not long ago there was appointed to that board a gentleman from Cumberland county, Nova Scotia, the president of the Liberal association of that province. It seems to me things are coming to a pretty pass when we pick a political friend, the active head of the Liberal party in Nova Scotia, and put him on the board of management of the Canadian National Railways.

Mr. BRADETTE: What about Mr. Guthrie?

Mr. FINN: Who is that?

Mr. BRADETTE: I was not speaking to the hon. member.

Mr. FINN: I am speaking now, and my hon. friend has no right to speak. I do not desire to embarrass the government or the opposition. The opposition have nothing to do with it. It is a pity they are not a little stronger; then perhaps they would be heard more, and greater attention would be paid to them.

[Mr. Turner.]

An hon. MEMBER: What about Mr. Guthrie?

Mr. FINN: Does my hon. friend mean the chairman of the board of railway commissioners? He has nothing to do with employment on the Canadian National Railway system; he has to do with rates on all railways as chairman of that board. If my hon. friend did not know that he knows it now.

With reference to conditions in Halifax, the gentleman who is chairman of the National harbours board, Mr. Campney, went to Halifax together with the coterie that surrounds him. I believe my colleague went down also. His efforts were absolutely in vain. Men who were police officers were reduced to watchmen, at watchmen's pay, when that should not have been done. That cannot be defended, and that wrong must be righted.

Mr. ISNOR: The hon. member has made the statement that I went to Halifax with the national harbours board. I must ask him to withdraw that statement, because it is incorrect.

Mr. FINN: Then I will say this, that my hon. colleague was in Halifax while the board were there, whether or not they went on the same train I do not know, but he was present at some of the meetings that were held.

Mr. ISNOR: That also is incorrect.

Mr. FINN: Then I will say that my hon. colleague was present and found out just what was what.

Mr. SPEAKER: Order. The hon. member is not discussing the matter before the house. We are concerned with the laying off of certain employees of the Canadian National Railways, and that is all.

Mr. FINN: It is not only a matter of the men being laid off at Winnipeg.

Mr. BRADETTE: Oh, yes it is.

Mr. FINN: Oh, no; it is a question of men being laid off over the whole system, including Nova Scotia, particularly in Halifax. Do not let us narrow the question or bind ourselves to conditions that exist in only one place, Winnipeg and other parts of Manitoba. If we do, the electors will not be blind when they go to the polls—we will not return as many members, and we will probably be sitting over there instead of over here. We must deal with matters openly and aboveboard.

Mr. Hungerford is the head of the Canadian National Railway management. I understand that he is to retire shortly, and the gentleman mentioned to fill his position is the purchasing agent of that railway system, Mr. Vaughan. If you can tell me that a pur-

chasing agent of a railway of twenty-two thousand miles is the right man to be president of the Canadian National Railways, then I will go to a phrenologist and have my head examined, to find out whether I am right or wrong. I am loyal to my party, and it is that loyalty which makes me say what I am saying to-day. I do not know what my colleague is going to say, but he can speak for himself. All I do say in reference to him is that the arrival of the centralized harbour board synchronized with his arrival in Halifax, and I had no knowledge of his going or arrival until I received a letter stating that he was there. I have not interfered in matters affecting the policy of the harbour board, but I intend to do so in parliament at the proper time. I have discussed—

Mr. SPEAKER: I would ask the hon. member, as I pointed out, to discuss the affairs of the Canadian National Railways from the standpoint of the lay-off of employees, and not the affairs of the harbours board.

Mr. FINN: I apologize, Mr. Speaker, and I believe you are correct, but the Minister of Transport controls six branches and they are all interlocked. However, I bow to your ruling and will discuss the lay-off, which comes within the purview of the motion for adjournment of the hon. member for Winnipeg North (Mr. Heaps).

Already there has been a reduction in the staff of the Canadian National Railways. The management and the president and directors are mute, so far as any information given to the house is concerned. No information can be obtained. In the language of the Minister of Transport they are a separate corporation—and a corporation is supposed to have no soul. From the motion of the hon. member it would seem that their soul is not as big as I thought it was. I would go farther and say this: Start from the top—the executive—to reduce their salaries, and see how they would like it. Do not start with the juniors who have wives and families to keep, and who would be put on the street with no opportunity of receiving employment. The city of Halifax is about to stop giving relief on May 1. Where are the unemployed to go? To the city home in Halifax? Would that be a desirable thing?

We had a commission headed by Mr. Purvis which dealt with the question of unemployment, but to-day it would seem that Mr. Purvis has lost interest in unemployment. His attention is devoted to his position as director of the Canadian Pacific Railway, to which he was just appointed, and to that alone he owes his allegiance.

Mr. ROGERS: That was after the commission dissolved.

Mr. FINN: I did not say it was not; but it synchronized with his going. Further, the board of management, which is made up of lawyers, like myself—perhaps better lawyers than I am—some laymen, and Mr. Hungerford, sit in judgment. They are the men who want to be able to present to parliament a smaller deficit, and want to bring it about by a reduction of the wages of the poor men. They are putting the juniors on the street in order that the deficit may not be as large as it otherwise would be.

I believe the Prime Minister (Mr. Mackenzie King) and my leader, has always taken the stand that parliament is supreme and must settle all questions. I appeal to him as my leader, for whom I have the greatest respect both as to leadership and ability, to join with the Minister of Transport and to see to it that Mr. Hungerford does not make other people hungry while he and the board of directors enjoy good meals, amusements, and are happy and contented.

These are the only statements I have to make. Perhaps some hon. members on this side of the house may think me disloyal.

Mr. JOHNSTON (Bow River): Not at all; you are speaking the truth.

Mr. FINN: But I have a strong recollection with respect to an hon. gentleman who in 1924 crossed the floor of the house and sat on the opposite side—there were not many over there then—

Mr. PELLETIER: The numbers are growing all the time.

Mr. FINN: If it is the wish of the people that they grow, like a plant, then I hope they do grow; if it is not, I hope they dwindle. But let nature take its course, and the will of the people reign supreme.

Finally let me say to the Prime Minister that in the early days when I was in the house, two other gentlemen voted against us on the budget; and one, who voted against a government measure, sits in the cabinet of the Prime Minister to-day. So if I am disloyal, there are others in the same position, and they will have to cross the floor of the house before I do. That is all I have to say respecting those hon. gentlemen. I am more interested in the railwaymen from the Atlantic to the Pacific who will be placed on the sidewalk and will not know in a few weeks where their next meals are coming from.

Mr. HARRY LEADER (Portage la Prairie): Mr. Speaker, if the minister will forgive me, I believe what I have to say might

better be said before he speaks. I cannot miss this opportunity of saying a word in support of the observations made here this afternoon. After all, there is something bigger than one's party, or bigger than the likelihood of coming back or the danger of not coming back to this house as a member. There is something of far greater importance, of supreme importance—the homes and livelihood of our people. For that reason I am offering these few remarks. This proposed lay-off will affect railway men not only in the city of Winnipeg but throughout the whole dominion. It will affect my own city of Portage la Prairie. The hon. member for Winnipeg North (Mr. Heaps) made a remark which to me was significant. He said that if the government allow this lay-off to take place they will be setting an example to industry in general to do likewise. It is possible that we are on the verge of another recession, and I think it behooves the government to do everything possible to maintain employment at least at its present level.

We have a flour milling industry in the city of Portage la Prairie which has been established for forty-five years. The mill was remodelled recently but to-day it is standing idle. It was reported last summer that the mill was likely to close. The board of trade got busy and made every effort and advanced every argument to induce the milling company not to close the mill. I made a special trip to Montreal to interview the head officials, and they told me it was impossible to continue to run the mill, because they could make flour cheaper somewhere else. The mill was closed in the latter part of February, I have a letter here from the board of trade which gives the true significance of that move. They tell me that forty heads of families have been laid off; they are still out of work and are now an additional burden on the rest of the taxpayers of that city. This is just an example of what might happen, and I urge the Minister of Labour (Mr. Rogers) and this government to do everything in their power to see that unemployment is not increased.

Mr. SPEAKER: The hon. member should confine his remarks to the question before the house, which has to do with the laying off of certain employees in the shops of the Canadian National Railways.

Mr. LEADER: May I be allowed to conclude with one or two sentences which I think are significant? To-day the world is standing upon the brink of war—cruel, devastating war which will ruin the bodies and souls not only of the present generation but of generations still unborn. Why has the world gone mad? The foul seeds of war are being sown by such deeds as those of which I have spoken. The causes of war are founded upon the ungodly principle of bigger dividends for shareholders and unemployment for the working man, all of which results in poverty for him and his family.

[Mr. Leader.]

Mr. T. J. O'NEILL (Kamloops): Mr. Speaker, I do not think it would be fair to the people of the city of Kamloops, whom I represent, if I did not rise to speak on this motion. I do not believe there should be government interference with the Canadian National Railways, but I submit that industry generally is not carrying its fair share of the burden. During the war it was found that the shops of the two great railway companies, ordinarily used for the manufacture of locomotives, cars and so on, could be readily adapted to the manufacture of munitions. It seems to me that instead of the railway companies farming out the building of new locomotives and cars, the work should be done in their own shops, thus giving work to a certain number of employees the year round rather than taking on a hundred men for three months at a time and then laying them off for the rest of the year.

Many people have the mistaken idea that all those who work for the railroad companies are highly paid; indeed some think they are overpaid. But for the past five or six years many men in the shops have been working only fourteen or eighteen days a month, and most of these men do not earn more than $100 or $120 a month. When a man who is trying to keep a family on that wage is thrown out of employment, he simply has to go on relief. If there is any suggestion the government could make to the Canadian National Railways to avoid the laying off of a large number of men, I urge that it be made immediately.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, it is the contention of the government that unemployment insurance is a federal responsibility; surely unemployment should be a greater federal responsibility. A condition is now arising that will affect thousands of people all over this country. It will affect a goodly number of homes in my own constituency. These people have absolutely no other means of maintaining themselves than the remuneration they receive for working in the shops. We know that in these trying times it is exceedingly difficult for heads of households in western Canada to keep going, without having to face the misfortune of losing their jobs. I cannot fathom how the

cities of Calgary and Winnipeg can possibly assume the additional responsibility that will be placed upon them if these employees are thrown out of work. The minister himself has been spending some of his valuable time electioneering in the west when no doubt he should have been looking after the business of the department. If that had been done, it is possible that such a situation would not have arisen. Now that he is back in his place I hope he will consider this proposed lay-off as a matter of national responsibility and do everything in his power to see that it is not carried out.

Mr. J. T. THORSON (Selkirk): Mr. Speaker, I should like to support the suggestion made by the hon. member for Kamloops (Mr. O'Neill) as I think it is particularly important at this time. The hon. member for Winnipeg North (Mr. Heaps) has brought a very serious matter to the attention of this house. At this time the city of Winnipeg and the surrounding municipalities are making a special effort to carry the heavy load that rests upon their shoulders in providing unemployment relief, and it seems unfortunate that the Canadian National Railways should now be contemplating this extensive lay-off. After all, the government does own the Canadian National Railways and it should not be setting such an example at this time. I hope the suggestion of the hon. member for Kamloops will receive the serious consideration of the government, and that an effort will be made by the Canadian National Railways to find work for the men so that they will not be laid off.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, so far the discussion has been carried on exclusively by representatives of the larger centres, but this matter affects also both directly and indirectly, men employed in the smaller centres. I should just like to draw to the attention of the Minister of Transport (Mr. Howe) this fact, that the smaller municipalities are to-day in a position where they cannot finance the relief obligations now placed upon them, and that in quite recent days the railway men in the smaller towns have suffered most acutely.

I believe the suggestion made by the member for Winnipeg North (Mr. Heaps) and other members that a great deal more work could be done in our larger shops is worthy of consideration. I do not know to what extent to-day the Canadian National Railways buy equipment from corporations nor to what extent the financing of this equipment is undertaken by United States financial corporations, such for example, as the Chase National bank, whose plates I notice on some of the equipment of our railway company. If the building of this equipment could be undertaken in the dominion it would have a beneficial effect.

I should also like to associate myself with those who have said that this is setting a bad example to private corporations. If a government-owned institution lays off hundreds of men—and my colleague says thousands—undoubtedly that will be taken as a signal for private corporations in this country to lay off men also.

Last night we heard over the air two excellent speeches on the railway problem. The president of the Canadian Pacific Railway Company and the member for Huron North (Mr. Deachman) discussed the matter, and I noted that even the president of the Canadian Pacific Railway Company in discussing lay-offs made the point that they should not occur, even if his proposals were carried out, without compensation for the men. Now if the head of what is sometimes called a heartless business corporation can make that plea in the course of an address with which in the main I disagreed—

An hon. MEMBER: He may not practise it.

Mr. COLDWELL: He may not practise it; nevertheless the suggestion was made, there surely we might expect something better from the government-owned institution, the Canadian National Railways.

Mr. J. C. LANDERYOU (Calgary East): Mr. Speaker, I notice that the Minister of Transport (Mr. Howe) is in his seat. I feel sure that when he visited the people of Edmonton East he did not tell the electors there that it was his intention to support the lay-off of a number of men in the city of Winnipeg. The city of Winnipeg and the province of Manitoba are on the verge of bankruptcy. The laying off of a number of men in Winnipeg will mean that the city will have more people to support on relief, the volume of business will drop, and the people of Manitoba will greatly resent the action of the government, particularly in view of the government's promise to the people of western Canada that they would issue money and credit to meet the needs of the people. That is what they promised, and yet they have not the money to meet the needs of the Canadian National Railways, one of their own institutions. Never mind about the needs of municipalities or of provinces; this government was going to issue money to meet the needs of all people.

Mr. SPEAKER: Order. The hon. member should confine his remarks to the matter now before the house, the proposed laying off of men from Canadian National railway shops in Canada. He should not discuss theories about the issuing of money.

Mr. LANDERYOU: I realize, Mr. Speaker, that to maintain and operate efficiently the Canadian National railway requires money, and I was suggesting that as the government had promised to issue money and credit to meet the needs of all the people, they might issue it to meet the needs of the Canadian National Railways. Again, there are many high-priced officials on the Canadian National railways, and if there is to be any cutting down I suggest that you cut down their salaries. Then again, if you are going to cut down, you might cut down the interest on perpetual bonds; if there is anything else to be cut, reduce the interest on the other bonds, and, as a colleague behind me now suggests, cut down possibly on some of those levies on contracts that we have heard so much about.

This laying off of men would set a bad example to private industry in Canada, and I therefore hope that the minister will not see fit to carry out the proposed lay-off.

Hon. C. D. HOWE (Minister of Transport): Mr. Speaker, I regret very much that this debate has taken place at this time, because at this very time the management of the Canadian National Railways is negotiating with the representatives of their shop employees to determine whether there shall be any lay-off whatever.

Ever since railroading began in America there have been seasonal fluctuations in business and seasonal fluctuations in employment. The number of conductors employed on trains depends upon the number of train miles being operated from week to week, and similarly with the number of brakemen employed and the number of locomotive engineers. Every railroad man in Canada understands that, and the schedules governing employment provide for such fluctuations.

The situation of the shop men is this. During the depression years there was no class of railway labour that suffered so heavily as the shop men. As the number of train miles was reduced the use of equipment decreased, and it was perhaps only natural that the railways should retire equipment in need of repairs and continue to use a better class of equipment. I think that the average time of employment of shop men over considerable periods was two days of employment per week. However early in 1936 the Canadian National Railways undertook a rehabilitation program and since then down to the present time I think practically every shop man in Canada, having seniority on the Canadian National railway, has been employed eight hours a day and five days a week, which under the schedules is regarded as full time for shop men. In that period the equipment of the railway has been brought up to a standard which places all the useful equipment in a condition to operate. At the same time the railway management has placed in the shops all the capital expenditures for equipment which the shops were equipped to construct efficiently, and so by a combination of the rehabilitation work, and the capital work that has been put in the shops, it has been possible to maintain the shops on full time for the last eighteen months or more.

The Canadian National Railways are now facing a condition under which they have not sufficient work to continue to maintain those shops at full time and the directors of the railway have decided that it is necessary to curtail shop hours by about twenty per cent. The schedules provide, and have provided for many years, that the shop employees shall work full time, but throughout the years the shop men have cooperated with each other and with the management to provide that instead of a lay-off in times of short work there shall be a general reduction in hours. The management fully expected to meet the present situation by a reduction in hours; that is to say, instead of a five day week there would be a four day week. And that is all that is involved in the present situation. Much to the surprise of the management, the shop unions have taken the position that they will not accept a reduction of hours and that if there is to be a reduction in shop work it must be at the expense of the junior employees, who must be thrown out of work. Negotiations between the management and the shop men are continuing, the management taking the position strongly that the shop men should cooperate as they have done in the past and meet the situation—which we hope is only a temporary one—by accomplishing the reduction through a reduction in hours rather than by means of a lay-off of men.

The wages of the ordinary shop men are about $30 a week—a little more, I believe—and this proposed reduction in hours would mean that the employees, for the period of short work, would work four days a week and have their income reduced to about $24 a week. Under this arrangement there would be no lay-off whatever.

No one regrets the circumstances more than the management of the railway. The matter is one for the management and not for the government, the latter having no right to interfere in matters of management. It is most unfortunate, however, that while these negotiations are going on and the railways are meeting a situation which they have had to face every year since railroading began in this country, a political debate should be precipitated in the House of Commons. Reference has been made to the debate last evening over the radio. Every hon. member knows that there is a terrific drive at this time for a program which is called unified management under private control, and the strongest argument in its favour is the contention that it is impossible for the government to own a railway and have it operated without political interference. I think that this debate to-day is one of the strongest indications that there may be a measure of truth in such representations; but I have always taken the view that it is possible for the Canadian National Railways to operate without political interference, and I have endeavoured during the time I have been Minister of Transport to give it an opportunity so to operate.

It has been suggested that the Canadian National Railway system is taking the lead in reducing the hours of shop employees. Every hon. member who has spoken here to-day must know that, with the privately owned road, this reduction took place last August, or as soon as it became generally known that the last crop would be a failure. The Canadian National Railways considered the matter at that time; as a matter of fact its management discussed the situation with me, and they decided then that every effort should be made to anticipate work. Wherever work required to be done, the management decided that it should be done, and that no lay-off should take place until the winter months were over and they had a chance to see how the traffic level would hold up during that period. The traffic level has not held up; there has been a very serious recession since the turn of the year. The result is that the wear and tear on equipment is not taking place to the same extent as in the early months of last year and consequently we have not the work to be done in the shops to enable the shops to operate at the capacity that would provide full time employment for every employee who has seniority on the Canadian National Railways. I trust, however, that the common sense of the shop men through their union heads will prevail; that this situation can be met in the future as it has been in the past, and that no general lay-off of the type that has been discussed in this house will take place. I sincerely hope that that will be the result of the negotiations now continuing between the management and the men.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I did not say anything earlier because I thought that my colleague from Winnipeg North (Mr. Heaps) had adequately covered the ground. But I would urge even more now, since the minister has spoken, the necessity for the government considering the matter more seriously than the minister seems inclined to do. Some of us from Winnipeg are particularly concerned; but it is only a few days ago that I had a very strong representation from the city of Montreal with regard to the position in which the workers will be placed in that city, especially since the city administration is apparently not going to continue relief.

I cannot quite follow the logic of the minister when he expresses regret that a discussion of this kind should take place to-day; and more, I absolutely fail to understand his position when he suggests that such a debate might indicate that there was something in the suggestion made by Sir Edward Beatty with regard to amalgamation. That is a great disappointment to me. I had thought that the minister stood foursquare for the idea of the Canadian National.

An hon. MEMBER: So he does.

Mr. WOODSWORTH: Well, I cannot understand the remark he made a few minutes ago.

Mr. TURGEON: He only said that there might be difficulty in running it without political interference.

Mr. WOODSWORTH: I think we ought to know very distinctly where the minister stands. If there are difficulties in running the Canadian National Railways it does not necessarily mean that we have to plunge into an amalgamation, involving still greater difficulties, under private ownership. And if private ownership has shown its heartlessness in turning off a number of its men last fall, I fail to see why we should turn off Canadian National employees a few months later.

Again I wish to protest against the minister apparently taking the ground that the government had no direct concern or responsibility in this matter. Surely the Canadian National is a government concern. It is all very well to have a board set up so that the railway will not be dragged into partisan politics

It is very well to have that board set up for that purpose—though even then apparently a good deal of patronage manages to creep in. But that is altogether different from taking the position that the government can divorce itself from responsibility.

The government took over the road largely to save the system financially, and now a proposal is brought forward that the government ought to stand behind the employees financially. If it is not right, from the standpoint of the national welfare, that the shareholders of the Canadian National Railways should suffer, surely it is not right that the employees of the system should be made to suffer.

The minister pointed out that there had been seasonal fluctuations and that men in the running trades had from time to time been laid off. Surely that is a different problem from that of the shop men. He admitted that the shop men have suffered severely for a number of years. For a number of years, according to the minister's own statement, they have been carrying the load. Their regular time was lessened from six days a week to five, which means a reduction in wages, because wages did not go up to offset that shorter working time. Their standard of living has been reduced for a number of years, and now what do we find? According to the minister there appear to be two alternatives: either the junior men must be laid off altogether or the whole staff of the shops must have their wages still further reduced. So that instead of getting what they really need to live decently, a working week of six days, eight hours a day, they are being told that they ought to spread the work so that they will get only four days a week.

Mr. HOWE: May I ask the hon. member a question? Is he advocating a six day week for shop men?

Mr. WOODSWORTH: No, I said that a few years ago the men had been getting six eight-hour days a week and that that had been reduced to five days. Now the proposal is to reduce their time still further until it becomes only a four day week.

Mr. ROGERS: On a temporary basis.

Mr. WOODSWORTH: The minister says, on a temporary basis, but this temporary basis of a five day week has lasted some years now, and I do not know that there is any guarantee that the proposed four day week will be any more temporary. The next thing I suppose will be a three day week.

If there were an increase in wages, it would be a different matter. And why not an increase? If every time there is a depression the government step in and government money is given in order that shareholders shall not suffer, why should not government money be given that the wage-earner should not suffer?

Mr. DUNNING: Who are the shareholders of the Canadian National Railways? They are the people of Canada.

Mr. WOODSWORTH: And who are the bondholders?

Mr. DUNNING: The hon. member said shareholders.

Mr. WOODSWORTH: Well, let me correct myself.

Mr. DUNNING: There is a very important difference.

Mr. WOODSWORTH: Yes, there is, and I thank the minister for correcting me. But I say that the bondholders have been helped again and again; finance has been helped again and again. Now the government apparently are going to permit a definite degradation of the standard of living of large numbers of railway employees. I cannot see why the employees and workers should suffer and the shareholders and bondholders not suffer. To me the reply of the minister—and I presume he gave a reply which is satisfactory to the whole government—is far from satisfactory to the workers concerned, very far from being satisfactory to them. Imagine the feelings of nearly a thousand people in Winnipeg when they read the response of the government to their plea as brought before the house—people for whom the five day week has meant a struggle just to keep going, to keep their families fed and clothed, in many cases being unable to send their children to school to get proper education, at least in the higher grades. Some of us know very intimately the homes concerned in this matter and what the lay-off will mean to these homes. But all we can get from the government is that they have no direct responsibility, that they hope this is a temporary arrangement and that really we should not talk about the matter in parliament. I cannot understand that. Where else should we talk about these matters?

An hon. MEMBER: East Edmonton.

Mr. WOODSWORTH: No, I am not going to make it a question of politics. We were particularly careful not to make this a political question as we introduced it. There was not a word by my colleague to make it a political

question, although we might readily have done so. But if parliament amounts to anything it is in parliament that great national questions of this kind ought to be dealt with. Although we want action in this case, we instance this as a part of the greater problem that is facing this country. We are told that we cannot discuss unemployment or cannot hope for very much in the way of a solution until some commission reports.

I shall make this a party question right away. The government are evading responsibility. They say, "The Canadian National is under a board; we are not responsible." Again they say, "A commission has been appointed; we are not responsible." Surely this parliament still has responsibilities. If there is coming what is called a recession, or another depression, across this country, surely it is time now that the government indicated to the country at large where they stand with regard to matters of this kind. I instance my own city of Winnipeg again; everyone knows the condition of that city—almost bankrupt, unable to get assistance from the province, and doubtful how much will be forthcoming from the dominion in the matter of relief. This large number of people involved are not ne'er-do-wells, not people who do not want to work. I am not holding the government wholly responsible for the depression; it is in part due to world-wide conditions, but I do urge that governments exist in order to meet depressions and other economic problems. The government cannot escape that responsibility.

The poor individual, whether he be railway employee or other employee, is to-day almost helpless. In the pioneer days if a man could not find a job in one place he could go to another. If he could not find a job in one occupation he could change to another. If he could not find a job in the city he could go to the country. But to-day if he goes to the country he is met by an army of people coming into the cities looking for work. Under these circumstances we have a right to introduce a question of this kind here. I resent the implication of the minister that such a question should not be introduced into this house, which primarily is charged with maintaining the welfare of the people of Canada.

Mr. R. J. DEACHMAN (Huron North): I rise merely to correct an error in the statement of the hon. member who has just spoken (Mr. Woodsworth). The intensity of bitterness of his speech is probably because he is unaware of certain facts which should be called to his attention.

My hon. friend suggested that there has been no cut in the wages of money. I would point out that the cut in the wages of money has been greater than the cut in wages of railway men. In 1920 the average rate of interest upon the bonds and treasury bills of the dominion government was 5·121 per cent. In 1937 the average rate had fallen to 3·748 per cent. The reduction therefore in the wages of money—I figured it out rather hastily—appears to be twenty-seven per cent. I am going to ask my hon. friend if he will be good enough to check something which I have not the opportunity of checking because I have not the material available here. I should like him to check up the real wages of the men employed on the railways of Canada from 1920 to 1937. I read some time ago—speaking from memory—that when the cost of living is taken into consideration those wages have gone up thirty-six per cent since 1920. My authority is a book which was published from McGill university, and I think I can get it for my hon. friend. I should like this dealt with purely as a matter of fact—not of discussion, not of anger, not of antagonism; I should like to know exactly what the facts are as to the issue raised by my friend of the relative wages of money and of men.

There is another thing which I think should be called to the attention of this house. I want as much as anyone to see railway men get a high wage, a fair wage, a wage in relation to the wage which other men get for similar work. But it must be remembered that when their wages are raised it is a charge upon the cost of moving goods. In addition I point out to my hon. friend that it is a basic charge and, as there are sometimes three, four or five different freight rates imposed upon the movement of goods, the added cost is pyramided. I question if those who seek to advance the rate of wages paid in particular industries are in reality producing an increase in the real wages of the people of the country. When you raise the wages of the railway men either freight rates must go up or the deficit of the railway must increase, which causes taxes to go up. Then it falls particularly upon one class in the community, the farmers; for they pay the freight rate both ways, and, as I pointed out in this house a short time ago, the average wage rate of the farmer, if you can put it in the form of wages, is much lower than that of the other classes of the community. I think this should receive some consideration when we are discussing a proposition such as this.

I go on to ask my hon. friend this further question. I want to know what the Canadian National Railways is expected to do. It has a certain amount of repairs to make. Is it to make repairs which are not needed, in order to provide employment? If the railway is forced into that position there was substance in the argument of the Minister of Transport (Mr. Howe) when he suggested that people will eventually come to the conclusion that there is something in amalgamation and that we ought to consider seriously some different method of approach. I suggest to you that we want to handle the affairs of the Canadian National Railways as the affairs of a business institution are handled; that we want to be careful in spending our dollars; that we want to have some regard not only for the wages of the men but also for the wages of those who are paying the freight bills; that these things must receive some consideration from the house, far beyond a mere statement that men shall be employed whether or not there is work for them to do. There are principles of sound economy in the administration of a business enterprise, even when it is under the control of the government, and I suggest that after all these principles are very much the same as those followed by ordinary business concerns in their transactions. We should try to look at things from the broad viewpoint, not in the interest of one section of the community, as my hon. friend appears to do, but in the interests of every section of the community. Only in that way can we reach the natural balance in our economic institutions which will permit the progress being made in this country that ought to be made.

Mr. L. P. A. ROBICHAUD (Kent, N. B.): Mr. Speaker, while I agree with most of the previous speakers that at this time the railways should not lay off men, not only for the sake of the men themselves but also because of the bad moral influence it would have on the business of the country, since we are endeavouring to prevent the invasion of business recession from the country to the south of us, permit me to express my amusement at the wild enthusiasm of some of the speakers in behalf of government interference at this time. Those same members would be the first to rise, in a week or a month, and criticize and upbraid the government for interfering with the management of the railways. We have heard that in this house before. On the other hand I can well imagine the enthusiasts for amalgamation being tickled to death over the debate which has occurred to-day. They will say, "It will help us. They are not going to effect economies, therefore they cannot reduce their deficit, and that is a mighty good thing for our argument in favour of amalgamation."

I really do not think we should interfere. We have a board of directors and railway officials who are endeavouring to carry on their business as a private business should be conducted. We have been saying in the press and in this house that there should not be any government interference; we have heard some very severe criticism of the government because they allegedly had interfered, but to-day the same hon. gentlemen are upbraiding the government and the minister because they are not interfering. I hope I am not being rude to the hon. member for Winnipeg North Centre (Mr. Woodsworth), but I cannot help saying that in the three years I have been in this house I have marvelled at the apparent inconsistency of some hon. members here. We heard them on the question of sanctions against Italy, for instance. They rose in their places and upbraided the government because they did not take a certain stand which naturally would have implied a certain line of action. Then the next day or the next week they rose again and denounced some other stand on the part of the government that would have been the natural consequence of the first action they suggested. A man should be consistent in this house, and I do not think an hon. member with the experience of my hon. friend from Winnipeg North Centre should set such a bad example to the new members.

Miss AGNES C. MACPHAIL (Grey-Bruce): Mr. Speaker, I am very happy to find that the farmers have an advocate and friend in this house in the person of the hon. member for Huron North (Mr. Deachman). But as time goes on I am afraid he is going to have difficulty in reconciling his advocacy of agriculture with his defence of the poor bondholders. One of the difficulties I find in connection with the farmers of my constituency, and I dare say it is true in other constituencies in Ontario at least, is that they tend too much to think that an increase in wages means a loss to them, while actually it is a fact that the wages received by the workers buy the eggs, butter, wool and beefsteak they have to sell. On the other hand it is true that for the most part the bondholders already have enough money to buy all these things they need. The worker never has sufficient to buy the best or the highest quality of food. The letting out of men employed by the Canadian National, which is the question now before the house, would

at once affect the amount of farm products consumed by the families concerned. There is no doubt of that, and I think people who pose as friends of the farmer ought to make it very clear that a fairly even spread of purchasing power to all the people of Canada would be the best thing that could happen for agriculture.

Then may I ask the Prime Minister (Mr. Mackenzie King) and the Minister of Transport (Mr. Howe) what is parliament for? We cannot talk about foreign policy because it is going to start or stop a war, whichever it may be. We cannot talk about the Canadian National Railway letting out men. We cannot talk about unemployment, because a commission has not reported, and it always takes a commission so long to report. What can we do?

Mr. ROGERS: Already there have been three or four debates on unemployment, and there will be more.

Miss MACPHAIL: Then they must have been out of order.

Mr. ROGERS: Not at all.

Miss MACPHAIL: Since parliament, during this session at least, has done nothing but talk, it is going to be a serious matter if we cannot do even that.

I feel that the greatest extravagance Canada has permitted herself in the last six or seven years has been the vast amounts of money spent on relief. The amount has been great, and it has been detrimental to the people who received it. For very many years to come we will be paying large sums of money resulting from the deterioration of people who have received relief. So that it will pay us to keep away from it, and to keep people by giving them useful work, even though at the time it may seem to cost more. The relief business is bad—and we know it; at least in private conversation everybody admits it. And may I say to the gentleman sitting at the rear, in the rump of the Liberal party and with the hon. member for Halifax—

Mr. FINN: Which one?

Miss MACPHAIL: The senior member—that it is to be hoped that the day may speedily come when the government members may all sit on one side of the house. That will be very much better.

The hon. member for Kent, New Brunswick (Mr. Robichaud) seemed very much upset about the hon. member for Winnipeg North Centre (Mr. Woodsworth). The hon. member for Winnipeg North Centre needs no one to help him defend himself, but I must point out that there has been no hon. member in the House of Commons who, over a long period of years, has given more unselfish service for the masses of the people. It ill behooves a member who has been here only three years to get excited about this matter when there are so many other matters which he might helpfully excite himself about.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, as a consequence of some of the observations made this afternoon by some hon. gentlemen opposite, there is a danger of the position of the Minister of Transport (Mr. Howe) being greatly misrepresented. It is only to remove that possibility that I say a word or two at this time.

It must be recognized by hon. members that, while the Minister of Transport is a member of the government and therefore when speaking, speaks on behalf of the government, he is also the only person in the house who is in a position to place before the house the views of the management of the Canadian National Railways, when any question bearing upon the conduct of the railways comes up for discussion in parliament. This afternoon the minister has necessarily been in a difficult position in presenting the views of the management, as distinguished from those of the government. During the course of his remarks I believe he has made quite plain where he was presenting the views of the management of the Canadian National Railways and the views of the government. Because of a reference to the matter being the concern of the railways, one or two hon. members have construed the minister's remarks as meaning that the government was not concerned with the question of the dismissal or the lay-off of a large number of employees. May I say at once what I know the minister was equally anxious to say, that there is no concern of the government which is greater than that affecting the livelihood of numbers of men and women. We all realize that there is no other single question which can affect so intimately the well-being of the citizens of our country as the question of unemployment. For years past this problem has been with us, on a very large scale. The mere mention of the possibility of any increase in the numbers of unemployed, especially at a time when we have hopes that matters are going to improve materially, makes the question one of the deepest concern to members of parliament generally, and particularly to the government. So I wish to point out that when the minister spoke of the question as one which was not the

concern of the government, he did not mean the government was not concerned about it; he meant that the question of what men should be laid off or what men should be retained in the employ of the Canadian National Railways was a matter for which the management and officers of the railway had a primary responsibility, and that it was not the primary responsibility of the government.

May I point out that the minister's remarks with reference to the bearing of this debate on what is taking place at the moment have also been misconstrued. They were not intended in any way to imply that the government did not wish all hon. members to feel free to discuss this question, or any other question. May I say to the hon. member for Grey-Bruce (Miss Macphail) who has just taken her seat, that, far from showing any evidence of a desire to stop discussion, only one member of the government has spoken thus far, and the debate has been in progress for nearly two hours. There has been no suggestion that the subject should not be fully discussed.

When the minister voiced a regret that the discussion had taken place at the moment, he made his meaning perfectly clear by stating that at this particular time the unions were negotiating with the management of the railways in connection with the lay-off of some of the men. He said he felt it was unfortunate that, at a time when the matter was being discussed between the two parties concerned, a debate should be taking place in the house, which might lead to some misunderstanding on the position of the Canadian National Railways, a publicly owned railway vis-a-vis the Canadian Pacific, a privately owned railway. The minister's remark, as I understood it, and as I believe the house understood it, far from being an argument in favour of unification, was an argument directly the opposite. What the minister stated was that the Canadian Pacific railway, a privately owned company, can apparently take up these questions—as it did a question similar to this one some months ago—and settle them without any discussion in parliament. But the moment the Canadian National Railways, under similar conditions and for similar reasons, follow a like course of action, immediately that course of action becomes the subject of a political debate, or of a debate in the parliament of Canada which, to a certain extent, seems or seeks to bring the railways under political control.

The concern of the government is not only with the well-being of railway employees, but with the success of the operation of government owned railways. That is the phase of the question to which the minister had special reference when he mentioned the debate which had taken place last night respecting the merits of government and privately owned systems. His point was that the management of a privately owned system appeared to be free to act in accordance with what they believed to be in the best interests of the road, from the economic point of view, and that it would seem from the discussion in parliament that the government road could not be operated in the same way, without the possibility of political interference.

With respect to all government owned enterprises I believe we must recognize that we cannot have it both ways; we cannot have political control and at the same time complete absence of political control. That is something which has to be kept in mind in connection with all government owned enterprises. If they are to be operated as privately owned business organizations are, then they must be operated free from political influence and control. There is always the possibility, in connection with any government owned enterprise, that there will be more in the way of criticism and of interference than would ever occur in connection with a company under private management.

Coming back to the immediate matter before us, I personally do not complain of the discussion which has taken place. Rather, I see as a result of what has been said the possibility of further and even more careful consideration of the question by the management itself. I am sure the management of the Canadian National Railways have no desire to be indifferent to the wishes of the government and members of parliament with respect to refraining, wherever justified in so doing, from increasing the numbers of unemployed. I am sure, too, that the management will be the first to take cognizance of what has been said in the discussion this afternoon with respect to the serious nature of any change at the present time which might affect employment.

I remember that some years ago, with respect to the same organization, we had the same question before us. For economic reasons, a number of employees were being laid off. I believe hon. members who were in the house at the time will recall that I told the house of having personally spoken to Sir Henry Thornton, the then president of the railways, about the situation. But I had pointed out to Sir Henry that, while it was perfectly true that the government had no desire to interfere with the management of the railways in the discharge of its duty, never-

theless we were directly and vitally concerned with the all-important question of unemployment in Canada. I said we hoped that, as one of the great employers of labour in this country, we might, without being guilty of anything in the nature of political interference, say to him what we would say to all other employers and all other enterprises, namely, that so far as it was possible, his company should seek to cooperate with the government in helping to meet the difficult situation of unemployment. I believe that such will be the case of the present management of the national railways with respect to the present situation, and I hope that hon. members will understand that such also was what the minister sought to convey in the remarks which he made.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I am sure that the debate this afternoon has served one very useful purpose: it has brought home to every hon. member a sense of the tremendous responsibility resting upon us as the representatives of the people in this house. All who are familiar with the conditions and circumstances alluded to this afternoon must have had their sympathies stirred and their emotions quickened as they realized the plight in which so many people find themselves. It was my sad lot, perhaps you will say, to have had to deal with this problem from much the same angle as has the Prime Minister (Mr. Mackenzie King). I can recall how hon. gentlemen who then sat on this side of the house thundered anathemas against the government of the day for not having taken steps to deal with this problem as it should have been dealt with. Hon. members who were in the house in those days will recall the bitterness of some of the observations then made, but to-day another set of men are charged with responsibility. The Minister of Transport (Mr. Howe) is new to this house. He was not a member of parliament in the days from 1930 to 1935, and we now have the Prime Minister interpreting his remarks. It reminded me of the interpretation which Pharaoh sought amidst great difficulties because he felt that his dream had not been properly understood. I looked this up and find it is as follows:

> And it came to pass in the morning that his spirit was troubled; and he sent and called for all the magicians of Egypt, and all the wise men thereof: and Pharaoh told them his dream; but there was none that could interpret them unto Pharaoh.

But the Prime Minister is now interpreting the observations of the Minister of Transport, and all is well in Israel. He has made it quite clear that the Minister of Transport did not mean what he said, that "what he meant to say is what I now say, speaking as Prime Minister," and that you must draw an acute and sharp difference between what he said as Minister of Transport and what he said to this house as interpreter for the management of the Canadian National Railways. This dual capacity in which he found himself is rather difficult, and it was a kindly act on the part of his Prime Minister to interpret his vision to the house in the terms in which he has. I am sure it will be appreciated both in and out of this house that an interpreter of dreams has arisen, so that there will be no difficulty hereafter, when the Minister of Transport speaks, in the matter of attaching any importance to it until his remarks are interpreted to us by the Prime Minister.

The real reason why this matter is of tremendous importance to the House of Commons lies in the fact that this government and this parliament must provide all the capital expenditures of the Canadian National Railways. Not only the deficits but also the capital expenditures must be provided in some way by the Minister of Finance. I looked up the statute a few moments ago and I found that in years gone by we did anticipate some of the capital requirements of this road as well as of the Canadian Pacific in order that there might be some form of regular employment—not that it should continue at forty-eight hours a week. The Minister of Transport was quite correct when he observed a few moments ago that the men in many of the shops found their time seriously cut down during the period of greatest depression; but this country did anticipate capital requirements, and in anticipating them, employment was furnished. I am quite sure from what the Minister of Transport said—I hardly thought it was correct, but he must know and I do not—that all the maintenance requirements in connection with equipment had been taken care of. Certainly that was not my understanding of it, but if it is right, it creates a condition of very great difficulty. If all the requirements with respect to equipment have been met and provided for, of course it creates a much more serious situation than if there were—

Mr. DUNNING: Maintenance requirements.

Mr. BENNETT: The situation is much more difficult than it otherwise would be. The fact is that there are only two great shops in the Canadian National Railways and the Canadian Pacific systems capable of constructing locomotives and certain kinds of equipment.

I understand that both these shops are in Montreal, the one at Point St. Charles and the other the Angus shops. The complete building of cars is possible at other shops, such as the one at Calgary. It has always been considered important by those having to do with the economic situation in that locality that provision should be made to produce a limited number, however small it might be, of cars. The same thing can be said with respect to Transcona and the other shops in the Canadian National system.

There need be no apology for bringing up this matter in the house; parliament has always had to do with the capital expenditures of this railway and has had to find the money for them. It may well be, as the hon. member for Grey-Bruce (Miss Macphail) has said, that it would be desirable to ascertain at the earliest possible moment what would be involved in relief expenditures, based on the facts as stated by hon. members from Winnipeg, Calgary and elsewhere, and what additional sums would be required if the work were carried on in the shops as indicated. However, if there is no work to do, that is a different thing.

Mr. HOWE: May I just repeat what I said before with regard to relief expenditures? It is the earnest hope and the real expectation of the management that no one will be laid off in any shop in Canada. If the work is distributed, as it has been for years, there is no question of relief. It is a question of an income of $130 per month being cut to about $105 per month, so that there is no question of relief.

Mr. BENNETT: The observations of the Minister of Transport will relieve us all of a great sense of anxiety. If, as he says, there is no likelihood of anyone being laid off, then we need have no further cause for apprehension. That is what his last remark amounts to, so it seems to me to be undesirable and unnecessary to traverse further this phase of it. I am sure it will come as a matter of great satisfaction to the hon. member who moved this motion and to those who have spoken to know that such is the case. I certainly had thought that a situation had arisen where owing to a shortage of traffic the railway companies had found it desirable or necessary from a purely economic standpoint to lay off some of their employees, but the assurance given by the Minister of Transport relieves me of any anxiety on that score. I am sure we are all very happy to know that that difficulty has been overcome.

[Mr. Bennett.]

Mr. HOWE: Perhaps I might make myself clear. Negotiations are under way between the company and the men to decide whether the strict letter of the schedule, which has not been observed for years, shall be adhered to. The men are saying that they will insist upon those men who are retained, working the full forty hours per week. This would mean a twenty per cent reduction in the personnel, whereas the management are pressing for the continuation of the system which has been applied for years, under which there would be a twenty per cent reduction in the working time and no reduction in personnel.

Mr. BENNETT: That would mean instead of the junior men being laid off, both the senior and junior men would continue to work, but for shorter hours?

Mr. HOWE: That is it.

Mr. BENNETT: It is purely a question whether the distribution takes place through the lessening of hours, on the one hand, or the maintenance of hours with the dismissal of some men, on the other. That is the story, as I understand it from the minister, and I must congratulate him upon making it clear.

There is one observation that should be made with respect to the wages of money, and I am sure that the hon. member for Huron North (Mr. Deachman) did not intend to leave a wrong impression. What was said in this house is strictly accurate. The wages of money with respect to railway securities has continued at a high rate on those securities outstanding and not callable. Unfortunately during the dark days after the war the railways emitted large amounts of securities that bore a moderately high rate of interest and were not callable. The result is that the wages of money has been maintained at a high rate with respect to them, and will so continue unless the owners voluntarily accept a security bearing a lower rate. It is that circumstance to which the hon. member for Winnipeg North Centre (Mr. Woodsworth) referred.

Mr. DUNNING: The reduction in rates of interest on railway securities is not as rapid as in those on government securities.

Mr. BENNETT: It cannot possibly be unless they are callable or unless the owners are willing to accept a lower rate. With respect to certain Grand Trunk Pacific securities and with respect to the income bonds of the Canadian Northern, a settlement was made by the management of the Canadian National and 4 per cent securities were issued. It would be difficult to anticipate that those securities would bear a lower rate than the

4 per cent they now carry. With respect to the other securities bearing a rate of 4½ and 5 per cent which do not mature for some time, it is difficult to expect that the owners would voluntarily surrender them for securities bearing interest at 3, 3¼ or 3½ per cent. That is the position to which the hon. member for Winnipeg North Centre has referred on more than one occasion in this house, and the hon. member for Huron North will admit that he is strictly accurate in what he said to-day.

Mr. EULER: Is the right hon. gentleman now interpreting the remarks of the hon. member for Winnipeg North Centre?

Mr. BENNETT: No. I am delighted to think that that affords the only amusement hon. gentlemen opposite have had this afternoon.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: If hon. members would learn a little better manners in this house, it would be desirable. I am delighted, Mr. Speaker, that hon. gentlemen opposite have had a little amusement in consequence of the observation made by the Minister of Trade and Commerce. The only point I desire to make is that I was endeavouring not to interpret the observations of the hon. member for Winnipeg North Centre but to express my appreciation of what he said. He has said it on more than one occasion, and if the Minister of Trade and Commerce did not so understand my remark I very much regret it.

I do not think it serves any useful purpose to discuss at this particular time the pros and cons of government and private ownership. That is not the issue before us, nor is the rate of wages paid the issue, nor the wages of money. Those are not the questions which have to be considered at the present moment. The question is whether or not this house could take any appropriate action to lessen unemployment among that class of people who have been accustomed to security of employment in the work in which they were engaged. The observations made by the Minister of Transport indicate that if the views of the management prevail, there will be no lay-off of anybody in the shops of the Canadian National in this country, but if on the other hand certain other views prevail, the junior men will have to sacrifice their positions. I know this from personal discussion with a large number of men who may be senior employees in the shops of the railway. They have had during the last seven or eight years almost a minimum of employment. During part of that time their employment has been as low as three days a week. It rose to four and then to five days a week, and during a limited period has been six days a week, or, I believe, forty-four hours in all. Under those circumstances their surplus, if they had any, has long since gone, and they have been endeavouring to save their homes, to pay the interest on their mortgages, and to pay back taxes; in other words, they have been endeavouring to save what they put their money into, their homes, from loss. In Calgary—and I do not think the situation in that city is different from that in almost any other part of Canada—the average railway employee usually puts his money into a home, on which he gives a mortgage. During the dark days these employees were unable to make sufficient money to pay off the mortgage or, sometimes, even the interest, and often they found it difficult to pay the taxes. During the last year or so they have been able to come up more nearly level with their obligations, and now they approach the whole situation with feelings of great apprehension because of their difficult financial position. I think the average man in the city does not realize the plight of many of the employees of the railway. Feeling a certain sense of security in their employment they have built homes and mortgaged them, undertaking to pay certain sums per annum to enable them ultimately to own their homes. One part of the city in which I live was built entirely in that way, and it is certainly an extremely difficult situation that is facing them. But I am hopeful, in the light of what has been said by the minister, it may be possible that none of these men will be laid off; and as we have to find money for capital expenditures it may be possible—I do not know to what extent—to anticipate some of the requirements in order to provide employment for these skilled artisans without whose services this country would be lost. They are skilled shop men; from what I have been told, they are the equal as machinists and otherwise of skilled artisans anywhere else in the world. We cannot afford to lose them, even if there was any place elsewhere for them to find work, and there is none at the present time; nor can we afford to let that deterioration come about which is often the result of long absence from employment.

I do not wish to add anything controversial to this discussion. My attitude in this respect may differ from that of our hon. friends opposite in days long since past; but I have learned from discussion and observation how very acute indeed are conditions in some parts of this country, and anything that this parliament can do to diffuse a little sunshine

among these people we must do, not only on their account, but because unless we do it the very fabric of our confederation itself will be destroyed.

Mr. GORDON B. ISNOR (Halifax): Mr. Speaker, I hesitate to take part in this debate particularly because I am obliged to follow such an eloquent speaker as the right hon. leader of the opposition (Mr. Bennett), but in fairness to the employment situation on the Canadian National Railways in the province of Nova Scotia, I think I should say a word or two. I do not know the situation at Winnipeg, and therefore I hesitate to mention that city; but I know the situation in our own province, and more particularly in the city of Halifax, and I cannot but express my surprise that some hon. members who have taken part in the debate to-day apparently do not know what the situation is in regard to employment.

Mr. FINN: Hear, hear.

Mr. ISNOR: I do not know whether the hon. gentleman who says, "hear, hear," knows what the situation is at the present time in regard to employment on the Canadian National Railways in the city of Halifax.

Mr. FINN: Better than you do.

Mr. ISNOR: I certainly do not wish to bring personalities into this discussion; this is not the place for such tactics, and I would not do so if I had not been more or less put on the spot by the hon. member who is referred to as the senior member of a certain constituency. It is immaterial whether he is senior or junior; I do not think that matters very much, because the members are not interested in it.

Mr. FINN: I never said so.

Mr. ISNOR: The fact that the member speaking at the present time managed to procure 840 votes more than the senior member does not make the junior member any the less important in the eyes of his constituents.

Mr. FINN: Where did you get them?

Mr. ISNOR: I have said enough on that point.

Mr. FINN: Hear, hear.

Mr. ISNOR: I am sure, Mr. Speaker, you do not wish to hear as much from the junior member as from the senior member, and I do not want to bother you with the recital of events of long ago. I believe, however, that we are dealing with an important subject. I am considering the question whether there are fewer Canadian National employees in the Halifax constituency than there were a few years ago, and I am happy to say that there are not. Without introducing any political consideration, I believe it is due largely to the policy of the present government that there has been increased employment in the ranks of Canadian National railway employees. I can refer to almost every constituency in Nova Scotia, and believe hon. members will support me in the statement that not only are there as many employees in each constituency as there were a year ago, but there has been an increase. The junior men have been taken off the spare roll and new men have been put on in addition. I make this statement so that the rest of Canada will not think that the maritimes are trying to paint a picture as dark as some would like to have it.

Mr. FINN: It is pretty dark.

Mr. ISNOR: While it is not as promising as we should like, we hope that the discussion introduced by the hon. member for Winnipeg North (Mr. Heaps) will do some good. I am not going to go over the ground already covered by different speakers, but I would make a constructive suggestion. If the conditions outlined by different hon. members do exist, I suggest that the Minister of Transport (Mr. Howe) make greater use of Canadian National lines in an effort to carry more goods from the extreme eastern section of Canada to the central parts, now being served, I understand, by lines other than the Canadian National. With that idea in mind I put on the order paper a question as to the amount of freight, grain in particular, which was being carried by the Canadian National Railways, so that we might have a comparison between the Canadian National and its competitor, the Canadian Pacific Railway. I believe that in the answer to that question lies to some extent the solution of this problem.

Mr. FINN: Oh, oh.

Mr. ISNOR: Mr. Speaker, I endeavour, when other speakers are trying to take part in debate, to give them my attention, and not to interrupt, and I trust that my hon. friend and senior colleague will pay the respect that years of experience such as he has had should warrant towards a junior who is inexperienced.

Mr. FINN: That is camouflage.

Mr. ISNOR: I should perhaps analyse the situation and make a comparison between

the Canadian Pacific and the Canadian National, because, after all, the Canadian Pacific is a privately owned company.

Mr. SPEAKER: I would ask the hon. member to confine his remarks to the question under consideration, which has to do with the lay-off of a certain number of employees in the Canadian National railway shops.

Mr. ISNOR: I was going to show how, by a greater use of the Canadian National lines as compared with the Canadian Pacific, the problem before us could be solved in part. However, Mr. Speaker, if you rule that I must not introduce the Canadian Pacific, railway into this discussion I shall not do so.

May I come back now to the question of unemployment. So far as the Atlantic region is concerned, not only has the Canadian National added to its employment, but I believe that we in the maritime provinces appreciate the efforts which have been made to keep certain industries moving at almost one hundred per cent of efficiency. Last year—something that had not been done for many years—there was spent on equipment the sum of $6,000,000, and that was undoubtedly a wonderful help to the county of Pictou. Moreover, a total of $17,000,000 in purchases was made. Wages to employees on eastern lines amounted to $15,000,000. In view of these figures, instead of feeling that there has been a recession in the railways we have reason to look on the bright side of things and to say, "Thank God we have an efficient management which has brought about the results that the people of Canada and the chambers of commerce from one end of the country to the other have been looking for". Instead of condemning the government and the Canadian National management we ought to appreciate the fact that they are trying to conduct the business of this great system in a businesslike way. But as soon as they bring in a measure of economy they are criticized.

The reduction from six to five days, which I believe took place in 1929, was, if my memory serves me correctly, at the request of the railway men themselves. I believe the principle behind it at the time was sound, rather than have a large number of men laid off it was decided, in a spirit of loyalty to the junior men, to accept a five day shift instead of the regular six days. And the plan which the minister has indicated to-day in connection with the present situation is based on the same principle. The question then arises, as stated by the leader of the opposition, whether all employees including the juniors should have part time employment, or whether only the senior men should be kept on and the junior men laid off. With conditions as they are now I think the older men should be quite willing to allow all employees to participate in the employment.

I should like to quote some words used by the president of the Canadian National Railways at a banquet tendered to him by the Halifax board of trade. He expressed a thought which, I believe, is endorsed by practically every sound thinking person in the dominion. He said:

> It is the aim of the Canadian National management to make the system serve to the maximum extent its owners, who are at the same time the principal users of its service; so to conduct the enterprise that it will aid, in so far as possible, in the development of every industry, including agriculture, and in every activity of business life. It must be operated with the greatest economy but it must also be ready to meet the development needs of the communities it serves; it must render transportation service to Canada of as high a standard and at as low a price as is available to producers of other countries which are competing with the dominion in the world's markets.
>
> That is the aim of the management. We are but stewards of your property, and it is the aim also of the railway's staff of more than 80,000 workers.

I think that answers the question whether the management are trying to meet the problems of unemployment as far as their system is concerned. I believe they are making an honest effort to carry out the wishes of the people of Canada, to give them efficient railway service and to carry on in such a way that they will not be termed a political organization but will rather be considered as one serving the best interests of the whole of Canada.

Mr. FINN: Mr. Speaker—

Some hon. MEMBERS: Order.

Mr. HEAPS: I do not know whether I have a right to say a word or two before I ask leave—

Mr. SPEAKER: The hon. member has no reply.

Mr. HEAPS: If I have no right to say a word in reply, now that the discussion is over I ask leave to withdraw the motion.

Motion withdrawn.

RADIO BROADCASTING

REPEAL AND REVISION OF RADIOTELEGRAPH ACT—CLARIFYING AND STRENGTHENING SECTIONS DEALING WITH LICENSING RADIO RECEIVING SETS USED FOR BROADCAST RECEPTION

Hon. C. D. HOWE (Minister of Transport) moved for leave to introduce Bill No. 52, respecting radio in Canada.

He said: This bill involves no new principle of radio regulation. The Radiotelegraph Act which governs the regulation of wireless telegraphy and broadcasting in its more technical aspects requires amendment by reason of the fact that control of radio communication as affecting shipping has been transferred to the shipping act. While the necessary changes are being made, it is the intention to modernize the wording of the Radiotelegraph Act, which was passed many years ago, and to strengthen a few of its provisions without in any way changing the principles of the act.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 41, for the relief of Alice Cecile Pinder Hartt.—Mr. Jacobs.

Bill No. 42, for the relief of Ruby May Foster Ryder.—Mr. Emmerson.

Bill No. 43, for the relief of Ethel Sadie Davidson Case.—Mr. White.

Bill No. 44, for the relief of Ray Simon Stern.—Mr. Jacobs.

Bill No. 45, for the relief of Norma Adelaide MacKenzie Hird.—Mr. Walsh.

Bill No. 46, for the relief of Mabel Marjorie Thompson Maynes.—Mr. Emmerson.

Bill No. 47, for the relief of Walter Edward Gorham.—Mr. White.

Bill No. 48, for the relief of Margaret Anne Eddie Bender.—Mr. Walsh.

Bill No. 49, for the relief of Kathryn Chronis Briggs.—Mr. Walsh.

Bill No. 50, for the relief of Vera May Levis Holloway.—Mr. Jacobs.

Bill No. 51, for the relief of Robert Andrew Young.—Mr. Walsh.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

BAINSVILLE, LAKE ST. FRANCIS, BREAKWATER

Mr. MacRAE:

1. Was there a breakwater constructed on the north shore of lake St. Francis in the vicinity of Bainsville in the year 1935?

[Mr. Heaps.]

2. If so, was there an appropriation voted by parliament for this purpose?

3. Under what department was the work constructed?

4. What amount was spent on it, and was this amount sufficient to complete the work?

Mr. DUNNING:

1. No; repairs were made to existing breakwater.

2. Funds were provided from item No. 5, Supplementary Public Works Act 1935-36.

3. Department of Railways and Canals.

4. The expenditure was $2,490, which was sufficient to complete the work.

*WELLAND SHIP CANAL EMPLOYEES

Mr. LOCKHART:

1. Were Messrs. Edward Steel, William Liscomb, William Loosemore and Edward Walker employed on the Welland ship canal?

2. If so, how many years was each employed, at what work, and what salary was paid to each of them?

3. In the way of special leave, with pay, or otherwise, what allowance, if any, was paid to each of these men upon retirement?

Mr. HOWE: Three of the names given in this question were incorrect. In order to straighten the matter out my department has been in touch with Mr. Lockhart, and it is my understanding that he has been given in writing the desired information, so I suggest that the question be dropped.

Question dropped.

PRINCE ALBERT, SASK., SUBMERGED WEIR

Mr. PERLEY:

1. Is the submerged weir or dam at Prince Albert satisfactorily impounding the water, and is any trouble anticipated when the ice goes out of the south Saskatchewan river?

2. Who were or are the present engineers in charge of the construction of this dam?

3. How much has been expended on the scheme to date?

4. How much will it require to complete the dam, and is the federal government providing all the money or is the city of Prince Albert making a contribution?

Mr. CRERAR: The submerged weir at Prince Albert is on the North Saskatchewan river. From information so far received it appears that the weir is satisfactorily impounding the water. No trouble is anticipated when the ice goes out of the river.

2. Provincial engineers.

3. The dominion has contributed $47,253.02 to a total expenditure of $75,555.20. This

covers work carried out prior to November 15, 1937. No subsequent claims have as yet been received from the province.

4. The weir or dam has been practically completed. Final costs are expected to be about $128,000 to which the dominion will probably contribute a total of about $82,300. The province will bear a portion of the cost. The city of Prince Albert has provided some material.

CANADIAN NATIONAL RAILWAYS—INCOME AND DEFICITS

Mr. ELLIOTT (Kindersley):

What is the comparative income results of the Canadian National Railways for the years 1934, 1935, 1936, 1937, under headings: (a) net income available for interest; (b) interest in the funded debt in the hands of the public; (c) net deficit or income of interest on funded debt; (d) interest on government loans; (e) total deficit?

Mr. HOWE:

	1934	1935	1936
Net income available for interest (after taxes, rentals, hotel operations and all other income charges)	$ 6,305,051	$ 4,590,610	$ 5,987,277
Interest on funded debt in hands of public	55,811,746	53,468,792	49,184,623
Net deficit on current year's operations	$49,506,695	$48,878,182	$43,197,346
Profit and loss adjustments (principally abandonments of property, equipment, etc., not chargeable to current year)	4,161,080	30,453,831	12,684,818
Interest on government loans (since cancelled by C.N.R. Capital Revision Act of 1937)	35,994,578	35,949,677	36,428,874
Total deficit	$89,662,353	$115,281,690	$92,311,038

Note: 1937 figures not yet published.

SALES OF BUFFALO

Mr. McGREGOR:

1. Were any buffalo sold by the government during the years 1936 and 1937?
2. If so, how many were sold and to whom?
3. Were such buffalo sold on the hoof?
4. At what points were deliveries taken?
5. Were tenders called for such sales?
6. If so, who tendered and what were the respective amounts of tenders?
7. Were the hides retained by the government?
8. Who were the successful tenderers?

Mr. CRERAR:

1. A number were slaughtered and the meat and hides from same sold.

2. 1936—1,500 slaughtered.
   Meat sold to Messrs. Burns and Company Limited, Calgary, Alberta.
   No tender received at time of slaughter for hides. The hides were sold later to different furriers.

   1937—2,023 slaughtered.
   Meat from 2,000 sold to Messrs. Burns and Company, Limited, Calgary, Alberta.
   Meat from 23 sold to F. Scrase & Sons, Dauphin, Manitoba.
   2,000 hides sold to Messrs. Burns and Company, Limited, Calgary, Alberta. Balance retained.

3. No.

4. At Buffalo and Riding Mountain national parks.

5. Yes.

6. 1936 tenders for meat—
   Messrs. Burns and Company, Limited, Calgary, Alberta.
   Choice quality, 3 cents.
   All other saleable, good and top medium, 2 cents.
   Aged and boner (for processing only), ½ cent.
   Canada Packers Limited, Toronto, Ontario.
   Choice quality, 3 cents.
   All other saleable, good and top medium, 1¾ cents.
   Aged and boner (for processing only), ⅝ cent.
   Hides—No tender.

   1937—tenders—
   Messrs. Burns and Company Limited, Calgary, Alberta.
   For meat only:
   Choice quality, 5 cents per pound.
   All other saleable, good and top medium, 4 cents per pound.
   Aged and boner, for processing only, 1½ cents per pound.
   Alternative tender for meat and hides.
   Choice quality, 4½ cents per pound.

All other saleable, good and top medium, 3½ cents per pound.
Aged and boner for processing only 1 cent per pound.
All hides from the above animals slaughtered, $7 each.

Canada Packers Limited, Toronto, Ontario.
For meat only:
Choice quality, $3.05 per cwt.
All other saleable, good and top medium, $2.05 per cwt.
Aged and boner for processing only, 65 cents per cwt.

Alternative tender for meat and hides,
Choice quality, $3.05 per cwt.
All other saleable, good and top medium, $2.05 per cwt.
Aged and boner for processing only, 65 cents per cwt.
Hides—$3.50 each f.o.b. slaughter house, Buffalo national park, Wainwright, Alberta.

F. Scrase & Sons, Dauphin, Manitoba.
Choice quality, 3 cents per pound.
All other saleable, good and top medium, 2 cents per pound.
For processing only, ½ cent per pound.

Note—(a) Tenders included certain slaughtering services.

(b) F. Scrase & Sons were the only bidders on the 23 animals slaughtered at Riding Mountain national park.

7 and 8. Answered by No. 2.

SEED GRAIN PURCHASE GUARANTEES

Mr. PURDY:

1. What is the amount, if any, by provinces, that the federal government has been called upon to pay with respect to guarantees given for the purchase of seed grain or for providing other assistance to farmers in connection with seeding operations?

2. What is the present liability, if any, of the federal government, by provinces, with respect to guarantees given for the purchase of seed grain or for providing other assistance to farmers in connection with seeding operations?

Mr. DUNNING:

1. Nil.

2. Guarantees given to banks under authority of "The Saskatchewan Seed Grain Loans Guarantee Act, 1936"—$2,555,113. Under "The Seed Grain Loans and Guarantee Act, 1937," no guarantees have as yet been given, but the act authorizes maximum amounts as follows: Manitoba, $750,000; Saskatchewan, $6,600,000; Alberta, $1,600,000.

[Mr. Crerar.]

UNEMPLOYMENT AND AGRICULTURAL ASSISTANCE ACT

Mr. DOUGLAS (Weyburn):

1. How many applications have been accepted under the farm improvement and employment plan: (a) by provinces; (b) total?

2. How many employees have received notice of the cancellation of their applications: (a) by provinces; (b) total?

3. How many of these applications were cancelled during the months of February and March: (a) by provinces; (b) total?

Mr. ROGERS:

1 (a) and (b). The provinces report the following placements under the Unemployment and Agricultural Assistance Act, 1937, as of March 14, 1938:—

Manitoba	10,142
Saskatchewan	26,858
Alberta	5,358
British Columbia	275
	42,633

2. (a) and (b). The provinces report the following cancellations as of March 17, 1938:—

Manitoba	193
Saskatchewan	4,559
Alberta	Nil
British Columbia	Nil
	4,752

3. (a) and (b). The provinces report the following cancellations during February and March as of March 17, 1938:—

Manitoba	146
Saskatchewan	584
Alberta	Nil
British Columbia	Nil
	730

CANADIAN FARM LOAN BOARD—LOANS IN SASKATCHEWAN

Mr. COLDWELL:

What amounts, if any, were paid to Messrs. Davis and Davis, of Prince Albert, Saskatchewan, in connection with loans granted by the farm loan board in 1936 and 1937, for: (a) fees; (b) as disbursements out of moneys loaned by the said farm loan board?

Mr. DUNNING: The following information is furnished by the Canadian Farm Loan Board:

(a) Answered in reply to question on February 21, 1938.

(b) The Canadian Farm Loan Board does not maintain a system of accounts covering items of this nature as the borrower is responsible for the payment of same.

The scale of fees payable as disbursements out of monies loaned, is set by the board.

LIVE STOCK PRICES AND EXPORTS

Mr. LACOMBE:

1. During the years 1933, 1934, 1935, 1936, 1937 and 1938, what were the prices paid for animals for slaughter such as cattle, calves, swine and lambs?

2. During the same period, what were the exports of such animals from Canada: (a) to the United States; (b) to England?

Mr. EULER:

1. Annual Average Prices of Live Stock, 1933-1938

	Steers, good over 1,050 pounds per cwt at—		Calves, good veal, per cwt. at—		Hogs, bacon, per cwt. at—		Lambs, good handyweight per cwt at—	
	Toronto	Winnipeg	Toronto	Winnipeg	Toronto	Winnipeg	Toronto	Winnipeg
	$	$	$	$	$	$	$	$
1933	4.63	3.67	6.20	4.84	5.54	4.81	6.92	5.32
1934	5.51	4.18	6.61	4.97	8.61	7.73	7.62	6.11
1935	6.44	5.36	7.73	5.79	8.97	8.00	7.71	6.36
1936	5.54	4.66	8.54	5.94	8.46	8.13	9.00	7.49
1937	7.63	6.41	9.24	6.52	9.07	8.42	9.61	7.87
1938, Jan.	5.93	4.86	10.36	8.30	8.56	8.28	7.99	7.14
Feb.	5.58	4.63	10.07	7.79	9.02	8.59	8.31	7.44

2. Canadian exports of cattle, calves, swine and sheep to United States and United Kingdom:

	Calendar Years				
	1933	1934	1935	1936	1937
	No.	No.	No.	No.	No.
Cattle, one year old or less—					
(a) To United States	48	226	20,567	50,541	98,426
(b) To United Kingdom	—	101	—	—	—
Cattle, over one year old, n.o.p.—					
(a) To United States	157	88	87,990	173,765	190,913
(b) To United Kingdom	50,317	53,812	6,704	38,473	9,578
Swine—					
(a) To United States	92	30	14,917	69,392	75,726
(b) To United Kingdom	—	—	—	—	—
Sheep—					
(a) To United States	116	29	514	591	146
(b) To United Kingdom	—	—	—	—	—

DETLOR-BOULTER, ONT., MAIL CARRIER

Mr. EDWARDS:

1. Who is the mail carrier between Detlor and Boulter, Ontario?
2. Whom did he succeed?
3. Was his predecessor dismissed?
4. If so, for what cause?

Mr. EULER:

1. Elvin Whyte.
2. J. W. Hudson.
3. & 4. No. His contract expired in ordinary course on 31st December, 1937.

TRANS-CANADA HIGHWAY, ISLAND OF MONTREAL

Mr. MALLETTE:

1. What was the original route of the Trans-Canada highway on the island of Montreal?
2. Have there been any official requests for changes in the route of said highway since the original plans were first deposited?
3. What changes have been made in the route following such requests?
4. What is the exact route which has been decided upon on the island of Montreal?
5. What are the prospects of completing such highway during 1938?

Mr. ROGERS: The trans-Canada highway is a series of provincial highways forming a continuous route across the dominion. The federal government has, at the request of the provinces, contributed under relief legislation to the provinces' cost of constructing and improving provincial highways which have been designated by provincial executive order as trans-Canada highway. The actual construction and matters pertaining to the so-called trans-Canada highway are however a provincial responsibility.

A report of a committee of the honourable the executive council of the province of Quebec, dated October 1, 1931, approved by the

lieutenant-governor on October 2, 1931, designated the trans-Canada highway in part as follows:—

"Highway No. 2, from Quebec city to Montreal following the river road connecting Saint-Sulpice and Charlemagne.

Highway No. 8, from Montreal to Hull."

While changes in the route of the trans-Canada highway in the province of Quebec, as designated by the above referred to provincial executive order, have been made by amending executive orders, those submitted to the dominion do not affect the route on the island of Montreal.

CANADIAN NATIONAL RAILWAYS—
CAPITAL EXPENDITURES

Mr. ROSS (St. Paul's):

1. What were the amounts of the advances made and for what purpose were they made, to the Canadian National Railways for capital expenditures: (1) during the year 1936; (2) during the year 1937?

2. What is the estimate by the government as to the amounts of advances to be made to the Canadian National Railways for capital expenditure during each of the following years: (a) 1938; (b) 1929; (c) 1940?

Mr. HOWE:

1.

(1) 1936-Nil.

(2) 1937-$7,252,283.97

General Additions and Betterments	$3,798,461.43
Construction of Senneterre-Rouyn Branch Line	2,603,822.54
Trans-Canada Air Lines-Purchase of Stock	850,000,00
	$7,252,283.97

2. Estimates for 1938 not yet presented to parliament. Estimates are not prepared beyond one year in advance.

Mr. ROSS (St. Paul's):

1. What were the amounts of the government guarantees of the Canadian National Railway's securities issued for the Canadian National Railway's capital expenditures and for what purpose were these securities issued: (1) in the year 1936; (2) in the year 1937?

2. What is the government's estimate of the amounts of the government's guarantees required for the Canadian National Railway's securities to be issued for the Canadian National Railway's capital expenditures and for what purpose will these securities be issued: (a) in the year 1938; (b) in the year 1939; (c) in the year 1940?

[Mr. Rogers.]

Mr. DUNNING:

1. No issues of Canadian National Railway Company dominion guaranteed bonds were made in the years 1936 and 1937 for capital purposes. Capital expenditures in 1937 were financed temporarily by way of loans from the government.

2. Details of the capital requirements of the Canadian National Railways will be submitted annually to parliament and it is impossible to forecast the amount of capital expenditures to be financed by guaranteed bond issues.

ROYAL CANADIAN AIR FORCE

Mr. BLANCHETTE:

1. When was the Royal Canadian Aviation Corps established?

2. What is the total number of its present officer staff?

3. How many students are there now enrolled?

4. How many were enrolled in the corps in 1936 and 1937?

5. Where are these training schools located?

Mr. MACKENZIE (Vancouver):

1. The Royal Canadian Air Force was established on April 1st, 1924.

2. The total number of officers at present on the strength of the Royal Canadian Air Force (permanent) is 143.

3 and 4. Fiscal year 1936-37: Seventeen (17) officers underwent training for permanent commissions in the Royal Canadian Air Force, and eighty-one (81) airmen underwent initial training.

Fiscal year 1937-38: Thirty-five (35) officers are undergoing training for permanent commissions in the Royal Canadian Air Force. Three hundred and eighty-seven (387) airmen are undergoing initial training, and fifty-nine (59) airmen have graduated.

5. The training is carried out at Royal Canadian Air Force Stations at Trenton, Ont., and Camp Borden, Ont.

BROADVIEW, SASK., TELEPHONE AND RADIO RECEPTION

Mr. PERLEY:

1. Have any protests been made to the Department of Transport by residents in the district south of Broadview, tributary to the power line leading to the landing field south of Broadview, Saskatchewan, with respect to interference with their telephone and radio reception?

2. If so, will consideration be given to such protests and steps taken to find a remedy for the interference?

Mr. HOWE:

1. Only one complaint received to date, and that from a householder within eighty-five feet of location of new power line.

2. Matter being investigated with a view to eliminating interference.

RED CLOVER SEED EXPORTS AND IMPORTS

Mr. BERTRAND (Prescott):

1. How many pounds of domestic red clover seed were exported from Canada during the year 1937: (a) to what countries; (b) what quantity each month?

2. How many pounds of red clover seed were imported into Canada during the year 1937: (a) from what countries; (b) what quantity each month?

Mr. EULER:

1.

Months	United Kingdom	United States	Newfoundland	Total Exports
	Lb.	Lb.	Lb.	Lb.
January	....	408,060	....	408,060
February	....	504,720	....	504,720
March	....	315,960	....	315,960
April	....	104,280	....	104,280
May	....	68,460	540	69,000
June	....	2,340	....	2,340
July	....	....	....	....
August	....	9,480	120	9,600
September	....	101,820	....	101,820
October	14,400	89,340	....	103,740
November	....	37,260	....	37,260
December	....	108,960	....	108,960
Total	14,400	1,750,680	660	1,765,740

2.

Months	United Kingdom	United States	New Zealand	France	Hungary	Poland and Danzig	Roumania	Total Imports
	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.
January	....	....	....	....	77,175	....	....	77,175
February	123,400	33,000	163,000	....	33,075	....	....	352,475
March	105,205	40,875	134,417	88,184	77,172	9,500	44,000	499,453
April	....	30,000	81,156	....	....	....	....	111,156
May	....	8,400	....	....	....	33,069	....	41,469
June	....	....	....	....	....	....	....	....
July	....	....	....	....	....	....	....	....
August	....	....	....	....	....	....	....	....
September	....	....	....	....	....	....	....	....
October	....	....	....	....	....	....	....	....
November	197,244	....	44,800	....	....	....	66,150	308,194
December	1,236,491	....	....	11,000	44,100	....	....	1,291,591
Total	1,662,340	112,275	423,373	99,184	231,522	42,569	110,250	2,681,513

NOVA SCOTIA FISH HATCHERIES

Mr. PURDY:

1. At what points in Nova Scotia does the federal government operate fish hatcheries?

2. To what per cent of its capacity did each of these operate during the past two years?

3. What species of fish is reared in each hatchery?

4. What was the total distribution by species during the past two years in: (a) Nova Scotia; (b) other points, from the above hatcheries?

5. Was there any stock produced outside of Nova Scotia distributed in the province during the above period?

6. What is the annual cost to the government of maintaining the above hatcheries?

Mr. MICHAUD:

1. Antigonish hatchery, South River, Antigonish county; Bedford hatchery, Bedford, Halifax county; Cobequid hatchery, Second River, Cumberland county; Grand Lake Ponds, Grand Lake, Halifax county; Kejimkujik Ponds, Grafton lake, Queens county; Lindloff hatchery, Lindloff lake, Richmond county; Margaree hatchery, N.E. Margaree, Inverness county; Middleton hatchery, Middleton, Annapolis county; Nictaux Falls pond, Nictaux river, Annapolis county; Yarmouth hatchery, South Ohio, Yarmouth county.

2. 100 per cent.

3. Antigonish—Atlantic salmon, rainbow trout, speckled trout; Bedford—Atlantic salmon, speckled trout; Cobequid—Atlantic salmon, speckled trout; Grand Lake—Atlantic salmon, landlocked salmon; Kejimkujik—Atlantic salmon, speckled trout; Lindloff—Atlantic salmon, rainbow trout, speckled trout; Margaree—Atlantic salmon, speckled trout; Middleton—Atlantic salmon, salmon trout, speckled trout; Nictaux Falls—Atlantic salmon; Yarmouth—Atlantic salmon, Kamloops trout, rainbow trout, speckled trout.

4. (a)

Species	1936	1937
Atlantic salmon	11,913,339	9,950,955
Kamloops trout	6,500	20
Landlocked salmon	19,335	10,447
Rainbow trout	26,160	240,112
Salmon trout	71,472	227,000
Speckled trout	3,326,219	7,653,859
	15,363,025	18,082,393
(b) Atlantic salmon	2,600	—
Speckled trout	—	1,000

5. Yes.

6. For 1936-37—

Maintenance and operation	$ 81,862 71
Construction	8,272 26
	$ 90,134 97

BUTTER EXPORTS

Mr. SENN:

1. How many pounds of butter were exported from Canada in each of the years from 1933 to 1937, inclusive?

2. To what countries?

3. How many pounds of butter were exported from Canada in each of the last six months?

4. To what countries?

Mr. EULER:

1 and 2.

Countries	Calendar Years 1933 Lb.	1934 Lb.	1935 Lb.	1936 Lb.	1937 Lb.
United Kingdom	3,718,500	400	7,135,800	4,433,000	3,567,900
United States	2,300	6,600	65,900	18,400	14,700
Nigeria	.....	.....	.....	.....	800
Bermuda	110,700	2,100	33,800	79,000	23,500
Straits Settlements	1,300	.....	.....	.....	.....
British Guiana	30,800	1,700	3,800	8,900	3,000
British Honduras	20,000	20,800	20,000	18,000	14,100
Barbadoes	6,900	1,100	2,900	2,900	2,300
Jamaica	13,200	2,200	1,300	30,200	2,200
Trinidad and Tobago	11,200	26,000	13,200	13,000	14,300
Other Br. West Indies	95,000	49,700	81,900	114,700	87,000
Hong Kong	67,200	47,600	11,200	.....	.....
Newfoundland	262,700	178,300	200,800	246,900	247,300
Belgian Congo	.....	100	100	100	.....
China	100	100	.....	19,600	.....
Colombia	100	.....	.....	1,200	.....
Costa Rica	200	.....	.....	.....	.....
French Africa	.....	.....	.....	.....	100
French Oceania	.....	.....	.....	.....	100
St. Pierre and Miquelon	86,900	87,100	105,700	101,900	82,200
Guatemala	.....	.....	.....	.....	300
Haiti	3,000	.....	1,000	2,000	.....
Honduras	.....	.....	.....	.....	200
Japan	400	.....	700	1,300	.....
Nicaragua	.....	.....	.....	.....	100
Panama	.....	.....	3,200	800	.....
Peru	2,300	600	12,300	15,100	30,500
San Domingo	1,300	1,100	.....	.....	.....

[Mr. Purdy.]

1 and 2.—Con.

Countries	Calendar Years 1933 Lb.	1934 Lb.	1935 Lb.	1936 Lb.	1937 Lb.
Alaska	100	2,200	400	13,300	5,700
American Virgin Islands	2,900	600	.....	1,000	.....
Hawaii	.....	.....	.....	7,500	.....
Philippine Islands	100	.....	3,000	.....	.....
Puerto Rico	.....	.....	.....	.....	300
Total	4,437,200	428,300	7,697,000	5,128,800	4,096,600

3. and 4.

Countries	Sept. Lb.	Oct. Lb.	Nov. Lb.	Dec. Lb.	Jan. Lb.	Feb. Lb.
United Kingdom	....	1,678,100	1,845,000	44,800	58,600	....
United States	1,200	300	2,000	800	400	....
Africa, British South	....	....	....	....	200	....
Nigeria	....	....	500	....	....	....
Bermuda	1,100	1,800	1,800	3,400	1,600	900
British Honduras	900	800	2,300	200	1,100	700
Barbadoes	200	....	1,200	....	200	....
Jamaica	300	....	100	....	800	600
Trinidad and Tobago	....	5,100	1,800	2,300	....	1,000
Other British West Indies	3,000	6,100	11,000	5,000	6,300	5,700
Newfoundland	26,000	19,300	37,600	15,400	10,700	14,400
French Africa	100	....	....	....	....	....
St. Pierre and Miquelon	14,500	11,800	9,900	5,700	2,100	1,700
Guatemala	....	....	....	300	....	....
Honduras	....	....	200	....	....	....
Nicaragua	....	....	....	100	....	....
Peru	4,600	1,300	2,600	2,300	....	1,900
Alaska	100	....	2,100	1,600	900	....
American Virgin Islands	....	....	....	....	500	200
Puerto Rico	....	....	....	300	600	....
Total	52,000	1,724,600	1,918,100	82,200	84,000	27,100

QUESTION PASSED AS ORDER FOR RETURN

LANDING FIELDS AND AIRPORTS— EXPENDITURES

Mr. ISNOR:

1. What amount of money has been expended on air-landing fields in Canada?

2. What are the names of the fields, where are they located, and what amounts were expended in each case?

3. What proportions were expended by the municipalities and the dominion in each case?

4. Have any negotiations been carried on in connection with the city of Halifax and the government of Canada or any branch of the government relating to the use of the Halifax airport as a landing field?

5. What amount has been expended in connection with the airport at Halifax?

6. What amount, if any, has been expended by the Dominion of Canada on this airport?

7. If no amount has been expended, what proportion or amount is the dominion prepared to expend on this airport?

8. Who corresponded with the government, with date of last communication, in connection with this airport?

MOTIONS FOR PAPERS

MORDEN WHARF, N.S.

Mr. PERLEY (for Mr. Brooks):

For a copy of all payrolls in connection with repairs to Morden wharf—so called—Kings county, Nova Scotia, during the years 1936 and 1937.

CHIBOUGAMAU MINING ROAD

Sir EUGENE FISET (for Mr. Sylvestre):

For a copy of all letters, reports, telegrams and other documents exchanged between the Department of Mines and Resources or any officer thereof and the Department of Mines in Quebec or any officer thereof relating to an agreement for the construction of the mining road at Chibougamau during the summer of 1937.

CANADIAN MERCHANT MARINE—SALES OF SHIPS

Mr. BENNETT:

For a copy of all orders in council, letters, telegrams, reports, and other documents, relating to the sale of any ships of the Canadian merchant marine since the date of the present government assuming office.

ELECTIONS AND FRANCHISE

MEASURE RESPECTING FRANCHISE OF ELECTORS, ELECTION OF MEMBERS OF HOUSE OF COMMONS AND PRINTING AND PUBLICATION OF ELECTION DOCUMENTS

Hon. IAN MACKENZIE (Minister of National Defence—for the Minister of Pensions and National Health) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure respecting the franchise of electors and the election of members of the House of Commons and to make provision for the printing and publication of the Dominion Elections Act and instructions issued thereunder, the printing of voters' lists and other election documents, including forms and ballot papers, and to provide for the salaries or other remuneration of certain officers and employees.

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

Motion agreed to.

BATTLEFIELDS COMMISSION

AUTHORIZATION OF PAYMENT TO COMMISSION OF $75,000 A YEAR FOR PERIOD NOT EXCEEDING TEN YEARS

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to bring in a measure to authorize the Minister of Finance to pay to the National Battlefields Commission the sum of $75,000 a year for a period not exceeding ten years from the first day of April, 1938, to be expended by the commission for the purposes and subject to the provisions of the act respecting the national battlefields at Quebec.

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

Motion agreed to.

TRANS-CANADA AIR LINES

AUTHORITY FOR EXTENSION BEYOND THE CONFINES OF CANADA—CONCURRENCE IN SENATE AMENDMENT

Hon. C. D. HOWE (Minister of Transport) moved the second reading of and concurrence in an amendment made by the senate to Bill No. 29, to amend the Trans-Canada Air Lines Act, 1937.

[Mr. Bennett.]

He said: The amendment by the senate was to strike out the word "mail" which was introduced by amendment in this house when the bill was being considered in committee. A subsequent study of the bill has indicated that the word "mail" was not appropriate in section 15 where we placed it. Section 15 deals with the agreement between the Department of Transport and the air line company affecting the movement of goods and passengers, while section 16, which is not included in Bill No. 29, deals with the agreement for the carriage of mail as between the air lines company and the Postmaster General.

Motion agreed to; amendment read the second time and concurred in.

CANADA GRAIN ACT

PROPOSED AMENDMENTS WITH RESPECT TO STATUTORY GRADES OF WESTERN GRAIN

Hon. W. D. EULER (Minister of Trade and Commerce) moved that the house go into committee on Bill No. 27, to amend the Canada Grain Act.

Motion agreed to and the house went into committee, Mr. Johnston (Lake Centre) in the chair.

Sections 1 to 3 inclusive agreed to.

On section 4—Commencement of act.

Mr. BENNETT: What do the words "without amendment" mean, as they appear on the order paper?

Mr. EULER: The standing committee considered the bill and agreed to report it without amendment.

Mr. BENNETT: If the grain act is to be amended, why should we provide that this act shall come into force on the first day of August? If we are going to draw up a new act this session, why should this be a separate act coming into force on that date?

Mr. EULER: I suppose because by the first day of August the crop will be harvested.

Mr. BENNETT: But presumably the new act will have this in it.

Mr. EULER: Yes, but this amendment is passed now in order to give such information as might be possible to the farmers who are going to plant seed. They can adapt themselves to the new conditions laid down in this bill.

Section agreed to.

Bill reported, read the third time and passed.

SOLDIER SETTLEMENT

INTEREST RATE ON REPAYMENTS OF TAXES AND INSURANCE PREMIUMS—ARREARS OR INSTALMENTS SUBJECT TO BONUS PRIVILEGES

The house resumed from Friday, March 11, consideration in committee of Bill No. 33, to amend the Soldier Settlement Act—Mr. Crerar—Mr. Johnston (Lake Centre) in the chair.

On section 2—Time extended for credit on payments of arrears.

The DEPUTY CHAIRMAN: When the bill was before the committee on the last occasion, the hon. member for Comox-Alberni (Mr. Neill) moved in amendment:

That after the word "arrears" in line one, page two, there be inserted the words "or of any instalment" and that the figures "1938" in line two, page two, be struck out and the figures "1941" substituted therefor.

Mr. CRERAR: Mr. Chairman, when on the last occasion the bill was before the committee and the hon. member for Comox-Alberni moved his amendment, there was a doubt in my mind as to whether his amendment was in order. Since then I have had an opportunity of looking further into the matter, and as a result my submission is that his amendment enlarges the purpose as exposed or set out in the resolution preceding the bill, and for that reason, is not in order and should be dropped.

Mr. NEILL: Although I have not the book in my hand, I have the observations in May clearly in my mind. When the bill was first introduced I was proposing to move that it was out of order on the ground that it did not comply with the resolution which had passed the house, and, further, that it did not comply with the terms set forth in that resolution. Upon looking into the matter I realized that the argument following the principle that the greater contains the lesser would be used against me. The argument would then have been that the bill was out of order because it did not spend as much money as the resolution provided for, and as the greater contained the lesser the resolution did take care of any lesser expenditure.

The very opposite is the argument I now propose to use and, I believe, legitimately. So long as the amendment I proposed does not exceed the terms of the original resolution, which contained consent of the crown to the expenditure of public money, my amendment is in order. And as the bill was so very much less, in its proposed expenditures, than the original resolution, there is an ample margin—far greater than that I now propose—to allow the expenditure still to come within the terms of the original resolution.

The principle is set forth at page 510 of May's Parliamentary Practice, Thirteenth edition, in these words:

. . . the constitutional principle which vests in the crown the sole responsibility of incurring national expenditure, forbids an increase by the commons of a sum demanded on behalf of the crown for the service of the state.

That is all right, so far. Then:

This principle, however, is apparently disregarded when the recommendation of the crown is given to a resolution empowering the expenditure of public money which, framed in general terms,—

And that is the way the resolution here in question was framed.

—places no limitation on the amount of expenditure to be authorized by the resolution.

That is exactly the case here. The resolution was framed in general terms, and placed no limitation upon the amount of expenditure authorized.

As I stated previously, the amendment I proposed will not, by a long way, come within the measure of the total expenditure authorized by the resolution, and therefore it is in order. My own argument might be considered poor and insufficient; but here we find May setting forth the principle that the statement that the crown must sanction the payment of public money is disregarded when the recommendation of the crown is given to a resolution empowering the expenditure of public money which, framed in general terms, places no limitation on the amount of expenditure. May then goes on to amplify the point.

I submit that the proposed expenditure in my amendment does not exceed the terms set forth in the original resolution, and that it is in order. May, which is founded on British procedure, bears me out, as the minister will see.

Mr. CRERAR: I do not propose to argue the point at length, but I believe it must be clear to the committee that the amendment does enlarge the powers conferred by the resolution and, consequently, I submit it is out of order. When we were discussing the resolution on a former occasion the hon. member for Comox-Alberni argued that it covered his amendment.

Mr. PELLETIER: Would the minister read the resolution? That might help to solve the point of order.

Mr. NEILL: While the minister is looking up the resolution, perhaps I might be permitted to read further from May.

Mr. CRERAR: Perhaps the hon. member would permit me to finish. The resolution is in these words:

That it is expedient to amend the Soldier Settlement Act for the purpose of reducing from seven per centum to five per centum the interest rate charged on certain repayments to the board of taxes and insurance premiums paid by the board in respect to soldier settlement lands in case of default on the part of the settler, and to provide further—

And this is the important point—

—that the period during which payments of arrears or instalments at present subject to bonus privileges may be made, be further extended to the 31st day of March, 1941.

Quite clearly, and certainly in the opinion of the legal advisers who drafted the resolution, that limited the extension of the bonus to those who were in arrears on March 31 of this year.

Mr. NEILL: No.

Mr. CRERAR: The hon. member says no, but I shall have to accept the advice given by the law officers of parliament. I repeat that the application of the bonus privilege is limited under the bill to those who have not been able to take advantage of it up to March 31 of this year.

Mr. NEILL: Yes, but not under the resolution.

Mr. CRERAR: That is in the resolution.

Mr. NEILL: No.

Mr. CRERAR: It is in the resolution, and the bill corresponds with the resolution in that respect. In his amendment the hon. member seeks to enlarge the scope, and to make the bonus privilege apply to an additional group. That is where I submit the amendment is out of order.

Mr. NEILL: Speaking on the last day the bill was before the house, the minister admitted the resolution was poorly drawn, and did not express his intention.

Mr. CRERAR: No.

Mr. NEILL: The resolution clearly states —he who runs may read—that it applies to every one of the settlers. I contended that at the time and it has not been combated successfully. Let me read from May to make it clear:

As the resolution sanctions, without any specific limitation, the application of money to be provided by parliament to certain purposes, when the clauses in a bill founded upon

such a resolution are before the committee, the freedom of action sanctioned by that resolution can be exercised. The committee is not bound by the terms of the provisions which the ministers of the crown have inserted in the bill; and any member may propose to increase the grants specified in these clauses or to extend the application of the provisions of the bill, whatever may be the cost resulting therefrom, so long as the power conferred by the royal recommendation is not exceeded.

There is the item, and it could not be more clearly put if this particular case had been before May when he wrote that. There is no question that the scope of the resolution is not exceeded and, therefore, my amendment is in order.

Mr. BENNETT: I am bound to say that I think this amendment is in order. I wonder if the minister has looked at the terms of the resolution, which are:

That it is expedient to amend the Soldier Settlement Act for the purpose of reducing from seven per centum to five per centum the interest rate charged on certain repayments to the board of taxes and insurance premiums paid by the board in respect to soldier settlement lands in case of default on the part of the settler, and to provide further that the period during which payments of arrears or instalments at present subject to bonus privileges may be made, be further extended to the 31st day of March, 1941.

The motion is to substitute "1941" for "1938."

Mr. DUNNING: No; "at present subject to."

Mr. BENNETT: Certainly, because the law is always speaking. If you look at the section as it reads and substitute "1941" for "1938," that is all you need to do. The section reads:

Any settler or person indebted in respect of any contract or agreement made prior to the first day of January, 1933, under the provisions of this act, who after the thirty-first day of March, 1933, and up to and including the thirty-first day of March, 1938—

It would now be 1941.

—makes payment in respect of any arrears or of any instalment due and payable within the said period shall, subject to the provisions of this section, receive credit toward payment of arrears or on the balance of such instalment or on any other such instalment for a further sum equal to the payment made.

The amendment is after the word "arrears" in line one, page two, there be inserted the words "or of any instalment", and that the figures "1938" in line two, page two, be struck out and the figures "1941" substituted therefor. The trouble is that it is open to two constructions. We are submitting "1941" for "1938", and this would apply to anything that comes due in the interval.

Mr. DUNNING: No; "at present subject to."

Mr. BENNETT: It is ambiguous.

Mr. DUNNING: That might be admitted.

Mr. BENNETT: The question is as to the right of a private member to move an amendment involving the expenditure of public money. That right is subject to only one limitation, that the amendment must not be in terms in excess of the amount stated in the resolution. An amendment usually states, "not exceeding so many dollars." It is some time since I looked up the authorities, but I am quite clear as to that. No private member has a right to move a motion which would be a charge upon the public revenue, but here it is quite clear that the amendment proposed is in the terms of the resolution. If one reads the resolution in the terms of the section to which it refers, namely, section 73, it seems to me to be quite clear that all that is necessary to be done is to change "1938" to "1941."

Mr. DUNNING: The other words are important to the hon. member for Comox-Alberni.

Mr. BENNETT: If you take the statute as it is and just amend it by substituting "1941" for "1938", you meet the situation. That is, in connection with anything that falls due between now and 1941 there would be a credit of two dollars given for every payment of a dollar made.

Mr. CRERAR: That is precisely the thing it does not provide for.

Mr. BENNETT: That is what the resolution provides for.

Mr. CRERAR: No.

Mr. BENNETT: The section reads:

Any settler or person indebted in respect of any contract or agreement made prior to the first day of January, 1933, under the provisions of this act, who after the thirty-first day of March, 1933, and up to and including the thirty-first day of March, 1938—

It would now be "1941."

—makes payment in respect of any arrears or of any instalment due and payable within the said period shall, subject to the provisions of this section, receive credit toward payment of arrears or on the balance of such instalment or on any other such instalment for a further sum equal to the payment made.

Look at the resolution, which reads in part:

—and to provide further that the period during which payments of arrears or instalments at present subject to bonus privileges—

That means everything.

—may be made, be further extended to the 31st day of March, 1941.

I do not want to make it more complex than necessary, because after all it is a simple question. The law is always speaking, and you are taking a section of the statute and striking out the figures "1938" and substituting the figures "1941" in their place. That is what the resolution says.

Mr. DUNNING: No.

Mr. CRERAR: I may be wrong but—

Mr. BENNETT: I do not say you are wrong at all; I am simply saying it is open to this construction. You are providing further that the period during which payments of arrears or instalments at present subject to bonus privileges—that would be all of them, everything—

Mr. DUNNING: Everything at present subject to bonus privileges.

Mr. BENNETT: You substitute "1941" for "1938," and everything is subject to a dollar for dollar credit.

Mr. NEILL: There cannot be any arrears until April 1, 1938.

Mr. BENNETT: The section of the statute will be found on the opposite page of the bill. We are substituting "1941" for "1938," and if we do that the effect is to make it apply to everything.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

On section 2—Time extended for credit on payments of arrears.

Mr. CRERAR: I rise with great deference to differ from the right hon. leader of the opposition. The position is this: If no amendment were brought in, the existing legislation would lapse on the 31st of this month and no bonus would be applicable after that date. I think that is clear. What the resolution proposed to do, and what it did, was to extend the bonus privilege on arrears or instalments at present subject to bonus privilege; that means to those who have not been able in the past five years, for one reason or another, to take advantage of this privilege. The amendment of the hon. member for Comox-Alberni proposes that the privilege should be extended not only to those who have not been able to take advantage of it until the 31st of the month, but also to all

those who have been able to take advantage of it, and therefore I submit that unquestionably it enlarges the power conferred by the resolution and for that reason is out of order. I have to ask you, Mr. Chairman, to give your ruling on the amendment.

Mr. PELLETIER: There is one point which the minister has failed to consider. The resolution says, "And to provide further that the period during which payments on arrears or instalments," and so on. There are the words, "or instalments." The words used by the hon. member for Comox-Alberni in his amendment are: "Any arrears or on any instalments." The words "or on any instalments" have been left out of the bill, and I submit that the bill is therefore not in accordance with the resolution. It is quite easy to see that the resolution refers to "arrears or instalments."

Mr. CRERAR: Let my hon. friend read the words immediately following, "at present subject to bonus privilege." They are the governing words.

Mr. PELLETIER: But these privileges are subject to the law expiring on the 31st of March, and that is simply a qualifying phrase. The purpose is to extend the time until 1941. The minister cannot deny that the word "instalments" appears in the resolution, and certainly it does not appear in the bill. The instalment becomes due on the 31st March, 1938. After that it would become arrears if not paid, but the bill makes no provision for that. I submit, Mr. Chairman, that the amendment is entirely in order because the words appearing in the resolution do not appear in the bill.

Mr. BENNETT: What does the word "instalments" mean? It means something or nothing.

Mr. NEILL: Would the minister please dwell on that point about "instalments" appearing in the resolution and not in the bill?

Mr. BENNETT: That is the crux of this matter. The resolution says: We propose to leave things as they were; only we are going to change 1938 to 1941. It covers both cases. It was intended to cover instalments, but now instalments are left out. In a court of law—I do not want to say that a man should express too strong an opinion about anything—it would mean this, that if we substitute 1941 for 1938 the statute stands just as it was. Now we have taken out of the bill the word "instalments" although it occurs in the resolution, and it is to remedy that, that the hon. member for Comox-Alberni makes his amendment.

Mr. PELLETIER: How can the minister explain the word "instalments" being left out?

Mr. CRERAR: Because at the end of March they would all be arrears, I assume. In any case the governing words are the arrears or instalments that are at present subject to bonus privilege. Now they are not subject to bonus privilege after the 31st of March because the legislation expires on the 31st of March.

Mr. BENNETT: We are going to keep it from expiring by making it 1941. Then it will mean 1941.

Mr. CRERAR: We propose in the bill to make it apply only to the arrears and instalments that were due on the 31st of March, and not to instalments that come due after the 31st of March.

Mr. PELLETIER: Then it is unfortunate that the minister did not word his resolution to convey that meaning, and if now an amendment is brought in which is strictly in line with the bill, I do not see how it can be ruled out of order.

Mr. CRERAR: So far as the observation of the hon. member for Peace River is concerned, that point was explained at least three times when the legislation was before us on a previous occasion. It is possible that the resolution might have been more clearly drafted; but I repeat that in the opinion of the law officers of parliament whose business it is to prepare this legislation, the resolution was ample for the purpose with which the bill was intended to deal.

Mr. NEILL: I do not want to influence your decision, Mr. Chairman, but I would call your attention to the fact that the only member advocating this thing on the government side is the Minister of Mines and Resources (Mr. Crerar), who is not a lawyer. There is a galaxy of lawyers behind him, and not one of them wishes to risk his legal reputation by supporting the minister; and not one of them has risen in his place to challenge the arguments put forward from this side. The minister has been left holding the bag.

The DEPUTY CHAIRMAN: If no other hon. member desires to speak to the point of order, I will give my ruling. We are considering Bill No. 33, section 2. An amendment has been moved to that section of the bill, not to the resolution, which was adopted by the house some days ago. The amendment proposes that after the word "arrears" on page two, line one, there be inserted the

words "or of any instalments", and that the figures "1938" in line two, page two, be struck out and the figures "1941" be substituted therefor.

In my opinion the amendment exceeds the power conferred by the governor general's recommendation. The resolution passed in the house prior to the introduction of the bill proposed to extend to March 31, 1941, the period during which payment shall be made of arrears or instalments due and payable between March 31, 1933 and March 31, 1938. The amendment proposes to add three years beyond 1938 to the period during which these arrears and instalments have become payable. The amendment, therefore, imposes a new charge upon the treasury.

When the resolution is framed in general terms there is no limitation on the amount authorized by the crown's recommendation; but in this case the resolution limits the period during which arrears and instalments have become payable, namely, from April, 1933, to April, 1938. This limitation cannot be extended by this committee. The hon. member who moved the amendment quoted from May. If he will turn to May's Parliamentary Practice, page 510, he will find that the application of the provisions of a bill may be extended—

—so long as the power conferred by the royal recommendation is not exceeded.

The amendment proposes to exceed this power, and, if it should carry, the liability of the government would be increased, which would mean a charge upon the people. For these reasons the amendment is out of order.

Mr. NEILL: I have the very highest respect, Mr. Chairman, for your office and for yourself, and while I have no regrets so far as I am personally concerned, I do regret to see that all the authorities have been ignored. Bourinot, May, and even the leader of the opposition have turned your decision down. Owing to my respect for yourself and your office I shall not delay the committee by challenging your decision, but I am sorry to say that truth compels me to state that I think you are wrong. That point being disposed of, I shall now get back to the original principle of the bill with regard to which I wish to present some argument that may yet, I fondly hope, influence the minister to take a different attitude.

I wish to quote from a resolution passed by the Soldier Settlers' Union. There is a provincial executive in Saskatchewan, one in Alberta and a headquarters executive, and this organization passed the following resolution dated March 6, 1938. It is not addressed to anyone in particular. It reads:

Dear Sir:

I have been instructed to protest vigorously by the executive of the Soldier Settlers' Union on behalf of its more than 2,000 members, the bill placed before the House of Commons by the Hon. T. A. Crerar to continue the dollar for dollar legislation based on the recommendations of the Legion dominion convention held recently at Fort William.

This convention was certainly not representative of the soldier settlers of the western provinces. The examination of the many resolutions passed by locals of the Legion in the west will prove that no consideration could have been given to the voice of the soldier settler of the west.

Further evidence of this is provided by the fact that at the 1936 dominion convention of the Legion held at Vancouver at which soldier settlers were able to send representation, the convention unanimously passed a far different resolution calling for:—Revaluation at present day values and the cancellation of interest charges retroactive to the commencement of the loan.

We contend that this complete about face was due to the fact that soldier settlers were able to be represented at the western convention but because of financial difficulties were unable to be represented at the recent convention of the Legion held in eastern Canada.

Furthermore, why should the recommendations of the Soldier Settlers' Union which was recognized as an organization officially by the government by our inclusion in the conference of 1933, be excluded and the recommendations of a convention which was not by any means representative of the majority of settlers be accepted and acted upon in such feverish haste. This action in the face of the minister's statement to our organization contained in his letter dated February 25, 1937, promising full consideration to the representations of soldier organizations is very difficult to understand.

We strongly urge that a conference be arranged to bring about a permanent solution to the settlement problem or that a referendum be taken among the settlers and the public to decide this question.

That was an unsolicited letter which came to me. I have also a statement, unsolicited—I was in ignorance of it—drawn up by a man calling himself a zone representative, Mr. A. S. Coburn of Nanaimo, a man of standing and reputation in his town. He lives about one hundred miles from where the settlers I represent live—I am not referring to the settlers to whom the resolution I have just quoted refers. This gentleman went there of his own accord last November and on his return submitted a report to the soldiers' legion. I have a letter from a Mr. Payne acknowledging receipt of it; therefore I assume he handed it to the head of the legion, and it

did or should have formed a part of the representations he made to the minister. And we find the minister stating that he had a lengthy conversation with the president, satisfying himself that his present legislation was in accordance with the wishes of the convention. Let me read what this zone official says: It is rather a long communication; but it is very important to the people I represent, and if it is the last thing I do in this parliament I shall put it on the record:

On the 3rd November, I visited the Comox valley to investigate the various reports on the plight and hardships of the soldier settlers. It is my intent to present facts pertaining to these men and some of the reasons why their payments of principal, interest and taxes could not be met.

For some time past their position has been steadily growing worse, and the time has now arrived when some immediate and remedial action must be taken. The statements and figures following cannot be challenged. During the period 1919-1921, when returned men settled in this area, a number of them were advised to enter the poultry business. It may have been considered good advice, but events have proved otherwise.

In 1919, the winter price of eggs was over $1 per dozen, and in March, 1920, the low price was 50 cents per dozen. In May, 1932, the low price was 6 cents per dozen, and the average price for the spring and summer months was 7 cents. On November 28 of that year the high price was 22 cents and by November 5, it had dropped to 15 cents per dozen. Men carrying flocks from 1,500 to 2,000 birds, were either forced out of business or were obliged to reduce their flocks to 150 or 200 birds. Many feed bills have been owing from that time until the present. The names of these men can be supplied at any time.

I can personally endorse that because I was in the feed business in those years, and in the place where I lived I had to write off many a poultry bill.

The decline in egg prices was fairly steady from 1919 to 1932, but the cost of production was seldom under 18 cents per dozen, and for a considerable period well in excess of that figure.

During 1919-20 others were advised to enter the dairy business. At that time cows cost around $175 to $200 each. A condensery was started at Courtenay and it was pointed out that European countries would purchase an unlimited supply of this product. It was found, however, that condensed milk was produced to such an extent in foreign countries that there was a considerable surplus, with the result that the condensery closed down in 1920, and in 1921 the price of cows dropped to $35 and $40, thereby entailing a serious loss to those entering this business. Since 1930 a considerable number of sales have taken place in the Comox valley and a large number of dairy cows have sold as low as $10 and $15 each. Some have sold this fall as low as $15.

[Mr. Neill.]

In 1920 in the month of February the condensery paid 85 cents per pound for butter fat, and the lowest price for that year was 60 cents per pound. In 1932 the highest price was 28 cents and the lowest was 17 cents per pound. For 1937 it has ranged from 28 to 32 cents. Arguments have been put forward that the cost of production is lower. It may be quoted here that the price of bran in February, 1920, was $2.35 per hundred pounds, and in April, 1937, it was $2.25, a difference of only 10 cents, but a difference in butter fat of 53 cents per pound.

In 1920 pork was 23 cents per pound, live weight. In 1933 it dropped to 4 cents per pound. Six weeks old pigs were $10 each in December, 1920. In November 8, 1933, they were purchased for $2 each. In February, 1920, veal was worth 23 cents per pound, and in 1933 the best price obtainable was 9 cents.

I questioned one settler regarding the growing of potatoes. He stated that in the spring of 1920 he had purchased seed from a neighbour, paying for 900 pounds at the rate of $180 per ton. In 1920 he grew thirty-five acres at a cost of $3,500. A portion of the crop was sold at from $10 to $14 per ton below the cost of production, and over a hundred tons were dumped as it was impossible to market them at any price. The loss sustained was in the neighbourhood of $2,500.

Market gardening has been followed by some of the settlers, but the cost of production is in excess of the selling price, mainly owing to oriental competition and the scarcity of reliable help.

Fruit growing has not been carried on, mainly owing to soil and climatic conditions, and the lack of satisfactory markets, which are very limited.

The prices quoted above have been taken from settlers' accounts, and are not quoted from memory. They can be verified.

Summing up the situation in this district, it would appear that a number of problems face these men. It must be remembered that at the time of purchase, from the figures quoted they had reason to believe they had a fair chance to make payments, and undoubtedly would have done so but that conditions (which it must be admitted were world wide) were against them. Prices dropped in the case of many farm products to one-fifth of the prices obtainable at the time of purchase.

Prices of land in 1919 and 1920 were considerably in excess of its productive value. It is conceded that certain reductions have been made by the government, but this is not enough. Some of the loans, through no fault of the settlers, are now up to where they were before the thirty per cent reduction was made. This is owing to the continual piling up of interest. The value of farm land is extremely low at the present time. Some of the best land in the Comox valley, namely, part of the old Lewis estate, sold recently for $50 per acre. This is rich cleared land, and preferably to any land in the valley. Compare this with land purchased for the settlers at $100 to $150 per acre. It might be mentioned here also that a large percentage of this land had been cropped out before the men bought it.

Local conditions militate against these men. The Comox valley is the centre of an extensive logging industry, and the minimum wage in

these camps is $4.20 per day. All fit young men are working in the bush, and it is natural that they prefer that to working (at wages far below those quoted) on the farm.

Considerable difficulty has been experienced in marketing potatoes in Victoria. In spite of the fact that the quality of potatoes grown in the valley is equal to that of any part of the province, the wholesalers are not giving Comox an even break. This is probably due to the request made at the time of the Stevens price spreads commission to have these firms investigated. As an instance of this attitude, recently the agent of the control board ordered two cars from the valley at a price of $24 per ton f.o.b. Victoria. The local agent of the board canvassed the growers and arranged for the quantity ordered. One car was loaded and word was received from the agent at Victoria cancelling the other car and stating that the price of the first car had dropped to $21 . . . unfair treatment has been handed out to these men for a number of years and many instances can be quoted.

In the early days of settlement large quantities of pork were purchased by the orientals working in the Cumberland mines. Since that time the company has eliminated Chinamen and for some time it has been extremely hard to market this product.

Having set forth in the foregoing paragraphs some of the reasons for losses entailed and non-payment of the amounts due, and after having given very careful consideration to this matter, I feel that if these men are to stay on the land some action must be taken by the government immediately. It must be remembered that these men who fought for Canada in the dark days of 1914-18 are aging fast, trying to make a home, which they feel will never belong to them and which, when they pass on, their widow and childrent must evacuate to make room for aliens, who should certainly not be given preference to the dependents of returned men.

The dollar for dollar arrangement has not proved of much benefit to the original settler, as he has not had the money to take advantage with. It has benefited those in receipt of pensions, high wages, or private means. The men who are honestly trying to make a living from the land have been unable to take advantage of it. If the government had offered $5 instead of $1 it is doubtful if a cent more would have been paid.

The board has advised a number of these men to take their cases before the farmers' creditors arrangement board. It does not seem right that they should be treated as bankrupts. The board argues this is not the case, but the settlers do not agree with this argument. Their credit is gone when this action is taken.

It would appear to me that all interest must be cancelled on loans, and this should be retroactive to the date of the thirty per cent reduction. This is not asking the government to create a precedent, as they loaned the Canadian Pacific Railway many millions of dollars, free of interest. Surely the returned men are entitled to equal consideration.

Some of the settlers would like to dispose of a portion of their holdings, and I suggest the government take over such portions at a valuation agreeable to the settler, or arrived at by arbitration. This would materially reduce many of the loans.

It is important that action must be taken immediately. Many of these men have sacrificed themselves and their families enough. They have gone short of food and clothes trying to carry on. Their morale is low, and the worry is becoming too much for them.

It is distinctly understood that any remedial legislation should apply only to original settlers.

Now the man who makes that report is this Mr. A. S. Coburn, who does not live in the district, who has no personal or business interest there; his business is not one which would lead him to deal with these settlers in any way; he is an utterly unbiased man coming into the district because he felt it his duty as the zone representative of the Canadian legion. This is not my language, but his, although I can endorse every word from personal experience and knowledge. That is his plea, in order to allow me to ask that this amelioration which the minister proposes should be widened to the extent at least that we thought was intended in the resolution. I shall not go into that again; we shall accept the situation as the minister states it. But on the bare merits of the thing, can he not see his way to extend it as I indicated in the amendment which was turned down? The cost would not be a great deal, because, as the leader of the opposition pointed out the other day, you would probably get more money in if you grant this; for otherwise the men will be in despair; they will say, "Take your land; I cannot make anything of it; I would rather go out, and we might as well go now as five years hence." But if you made this reduction it would encourage them to go on, and would be a very different matter.

There was placed in our hands the other day the report of the soldier settlement board. I take some facts out of it. Only 7·1 per cent of the instalments due or in arrears on October 1 last in British Columbia were paid. At that rate, how many years will it take the settlers to catch up on the arrears, plus the amount falling due each year for instalments and compound interest? Take the total collections for the year, including the British families scheme; the cost of collection works out at fifty per cent of the total collected. In other words, the government is going to collect this money, if they can get it, and it is going to cost them fifty cents on the dollar to collect it. Why not let the settlers keep it and stay on the land? I think that is a very strong point. You are not going to get this money anyway; so why not make a gesture and let the settlers stay on the land? If you throw them off, you will resell the land at an enormous reduction and somebody else, possibly an alien, will reap the benefit.

I recall a farm quite close to where I live. I have worked on it, and am quite familiar with it. Some years ago the board turned out the settler and offered the farm for sale. I suggested that they sell it to a man whom I would produce, for $1,200 or $1,300, but they said no; they wanted $3,000. I said, "Yes, possibly you will sell it for that, but you will not get the $3,000. You will only have the land back again in a year or two." They said they were going to sell it for $3,000, but I said, "If you will sell it for $1,300 you will get that amount in cash, and that will end it." What happened? They did get a man to buy it for $3,000 on time. He went broke, and they took the land away from him. They sold it to another man for something like $2,000, but he went broke and they took it back again. Now they are hawking it around at the price I suggested six or eight years ago. What has that system of management profited them? I am not pleading altogether for the settlers, though their situation is bad enough; I am speaking in the interests of economy and getting rid of this system of paying out fifty cents in expenses to get a dollar. We should make some settlement. It is not as though this were confined to the government alone; I am told that a large number of mortgage companies in the west are making the same offer to people indebted to them. They know it is better to get something than to get nothing, and that is the point I want to impress upon the minister.

I shall not delay the committee longer. I have put the case to the best of my poor ability, and I only wish I were more eloquent. If I could only get the minister out there so that he could see these things for himself, I am convinced that he would make a change in this legislation.

Mr. REID: I rise to protest once more against these amendments passing, and I must say that I am disappointed at the lack of any proper excuse given by the government for the introduction of this measure I listened carefully to the remarks of the minister both at the time he introduced the bill and during this debate, and one statement which he made stands out in my memory. I am going to endeavour to correct it as far as British Columbia is concerned. I refer to his statement with regard to agricultural prices.

It would appear that there are two motives for these amendments. One must be an endeavour to have those pay up who so far have not done so. The second probably is to save the government money. With regard to the first motive, when I look at the statement given me by the officials of the department I am at a loss to understand just how the settlers who have not paid possibly can make a rush now to make payment, in view of the fact that this legislation has been in existence for some three years, and many of them have been unable to make any payments at all. It is not that they are unwilling to make their payments. They would be only too willing to do so if they had the funds; but, as I pointed out, with eggs at seventeen cents a dozen, with potatoes they cannot sell, with hay they gave away and with the clearing of land as difficult as it is in the Fraser valley, it is impossible for these soldier settlers to make any payments whatever.

If the minister thinks that by this amendment he is going to save money, I should like to point out to him that out of a total of 1,668 settlers who should have made payments last year, only some 475 paid in full. There are thirteen districts in British Columbia, each with a supervisor. It will cost at least $50,000 to pay those supervisors, in addition to the cost of keeping up that office in which, as can be readily seen if anyone cares to visit it, many people are given employment. But if they collected only $100,294 in all last year, when the bonus for bonus system was in effect, with 475 settlers making full payment and 529 making partial payments, it would seem to me that under this plan the government are going to lose money. They are going to keep thirteen supervisors at work, together with the head office staff, with no returns whatever. So this cannot be defended on the score that they are going to save money. If the idea is to induce those who have not paid during the last few years to pay up, I say it will not make them do any such thing, because under the extremely difficult economic conditions prevailing in British Columbia they simply cannot do so.

I mentioned that before, but I took note that the minister made no reply. When he spoke of the increased agricultural prices he may have been referring to the prairie provinces, probably to Saskatchewan, but I am speaking particularly of the lower Fraser valley. I say to him that if he puts through this amendment there will be very little money taken in; yet it will cost almost $100,000 to maintain the office and the thirteen supervisors in British Columbia. I say it is impossible for the settlers to pay. Many of them, if not all, are excellent settlers, but they have not had a chance to make any payments. They have this grievance. While it is true that many reductions have been made by way of bonus, revaluation of land

and so on, the fact still remains that to-day there are on the land civilian settlers who obtained that land under the soldier settlement board for a quarter of the valuation which is assessed against the soldier settlers.

Mr. BENNETT: Not the present value?

Mr. REID: Yes, the present value; not the previous value. I have a case in point, concerning two pieces of property near my own home. The soldier settler there is paying at the rate of $50 an acre to-day, after the revaluation and all the other reductions. Close to him there was another soldier settler who sold out some three years ago. That land was sold for $10 an acre, so that a civilian paying $10 an acre is living alongside an original soldier settler who is assessed $50 an acre. That soldier settler has been unable to take advantage of this plan, and in that he is only one of many hundreds throughout the Fraser valley.

A voice says, "Why didn't he come under the Farmers' Creditors Arrangement Act?" That has been exploded time and again in this house. Only certain farmers, not all, can come under that act. But why should one department of government say, "Go to another department and get redress; we are not going to do anything for you." I say the principle is not sound, and it should not be tolerated. When the minister rises, I want him to tell us just what that office in British Columbia will cost to maintain. I have given the total collections of last year, and without knowing the exact figures I maintain that it will cost close to $100,000 to maintain the thirteen supervisors plus the staff in that office. If this amendment goes through, as I see the minister intends it to, it will mean that very little if any money will be collected. Let me repeat, that out of 1,668 settlers under the board only 475 paid up in full. I maintain that those figures speak for themselves and show a serious condition prevailing in the Fraser valley among the soldier settlers.

I make one last urgent plea to the minister to reconsider this question very carefully and seriously before these amendments are passed. They may be all right for Saskatchewan or Alberta or Manitoba, but for British Columbia the result is going to be tragic indeed.

Mr. PELLETIER: I wish to associate myself as strongly as I can with what has been said by the two hon. members who have preceded me. I believe there is one further point I might contribute to this debate; that is the question of discrimination. The minister must realize that when this act was passed conditions were very bad, and one of the reasons it was passed was to help soldier settlers at that time. Fortunately, in some parts of the country conditions have become a little bit better. The price of wheat has increased, and there are now some soldier settlers who could avail themselves of the opportunity offered under this legislation, if it were allowed to be extended until 1941, to operate in exactly the same way as it has been operating up to the present time.

Furthermore, I say discrimination has been shown because those who might have been able to avail themselves of this legislation in the past might have been living in the dried-out areas. Possibly they have not had any crops. If conditions should change, as the fond hope of the Minister of Agriculture as expressed from time to time would lead us to believe, these people would be in a position to avail themselves of this legislation. Furthermore, it would be to the advantage of all concerned in Canada if the government were to set an example by effecting rearrangements along this line.

May I point out to the minister that a problem very similar to this one, respecting school lands, existed in certain provinces. School lands had been sold at a time when land was very high, and it was found during the years of the depression that due to the drop in the prices of farm products it was impossible for the purchaser to meet the payments due upon those lands. The matter was taken up by the various provincial governments. I know in one particular case a board was appointed to investigate the question, and as a result drastic reductions were made.

I believe the example the government is setting in this legislation is not a good one, and I suggest that the minister consider seriously before he presses passage of the bill. So far as I am concerned, I can only oppose it. I believe the minister has heard enough argument, not to make him change his mind but possibly to provide him with more information than he had when the legislation was first introduced. I believe he might very well reconsider the passage of the bill.

Mr. FAIR: The hon. member for Comox-Alberni has read a letter from the Soldiers Settlers' Union with headquarters at Lloydminster. I have a copy of that letter and, living within thirty miles of that particular headquarters I feel I should be remiss in my duty were I not to uphold the request contained therein. I have known the conditions there for a number of years. Speaking some time ago to the committee, I gave

figures showing that during the years 1931 to 1937 inclusive, soldier settlers reduced their indebtedness to the extent of $40 or at the rate of $6 a year.

May I point out that those settlers were not able to provide a living for their families such as is enjoyed by hon. members now sitting in this committee. If hon. members who have had the opportunity to stay at the large hotels at Winnipeg, Saskatoon, Edmonton and Vancouver believe that the soldier settlers enjoy the kind of living obtained at those hotels, I would ask them to go out among the farmer settlers, have a meal there and sleep a night or two in their homes. After doing that, those members might have a little more information about the conditions under which the settlers are living.

So far as saving money is concerned, I do not think the minister and the government have been fair to the settlers. The figures show that every year this oppression has continued; that the settlers are suffering more and more, and that the country is losing more and more money. I believe the government is in possession of all the facts and figures, and further debate would be a waste of time. I suggest, however, that the government would be well advised to take drastic steps to give the soldier settlers a chance to get possession of their homes, and that no more time should be wasted.

Mr. O'NEILL: Mr. Chairman, I have received numerous letters and communications from farmers in my district, with reference to this bill, requesting me to use my influence—if I have any—with the government to have the bonus privilege extended another three years, or until 1941. I have on my file one letter from a farmer who wrote expressing his appreciation of the bonus period having been extended. Apparently he took it for granted, from the Hansard report, that the bonus privilege was to be extended to 1941. A number of members have taken that meaning from the resolution, and a number of farmers throughout Canada took the same meaning from it. I have only one letter expressing appreciation of the action being taken by the government, but have numerous letters asking that we take that attitude. I do not know what the minister intends to do, but I should like to add my voice to those of the hon. members for New Westminster, Comox-Alberni and other constituencies who have spoken in favour of the amendment to the bill, and have asked that it be extended to everybody until 1941, the same as it has been since 1933.

[Mr. Fair.]

Mr. BENNETT: Mr. Chairman, I do not propose to trespass upon the time of the committee, having urged as strongly as I can the desirability of continuing the present scheme for another two or three years. I indicated to the minister the reasons which had induced my government to take the position it did take. A number of those concerned were brought to Ottawa and conferences were held. As a result of careful consideration it was concluded that this method would be the best one to clear up the situation.

From time to time we have written off large sums of money. The mere writing of that off means that we have lost that much money without doing the settler any very great good, except to lessen the amount which he has to pay. And it is agreed that he cannot possibly be in a position, at any time within the vision of the ordinary mortal, to pay off the obligations as originally created. That being so, there were two methods only by which the matter could be dealt with: One was writing off the obligations, which we did, and the other was to create some condition which would be an incentive to the settler to want to get title to his property. And it was believed—I am bound to say the result justified the belief—that if we gave him credit for two dollars for every one dollar he paid he would be most anxious to pay up the balance due and secure title to his property.

We now have evidence from the hon. member for New Westminster that conditions have been so hard in that locality that payments have been very few. Then, we have heard evidence from the hon. member for Comox-Alberni as to what conditions have been out there. The hon. member for Kamloops has given his views, and hon. members from the prairies have spoken. Yesterday I received a telegram from central Alberta repeating the considered opinion of a large number of settlers that the effect of this inducement which is offered by statute to those who are on the lands, had been excellent, and hoping that the inducement would be continued.

I quite understand the position taken by the minister, but I cannot understand how he expects to get more money by pursuing the method suggested in the bill. If money is to be obtained, then in some way you will have to change the old saying: You cannot get blood from a stone. From no part of the house has a member risen and stated that there was ability to pay on the part of the settler; there is no suggestion anywhere that he has had the ability to pay but would

not pay. There is no indication that in any manner whatsoever he has endeavoured to disregard his obligations. On the contrary, according to the evidence given by the minister a few evenings ago, four million dollars have come into the exchequer under the operations of this scheme. Putting it on the lowest possible level, that of the exchequer itself, I cannot think that we could receive as much money by any method different from that which we have adopted here, namely, to create such inducement on the part of the settler to want to pay that when he pays one dollar he gets credit for two. I do not suggest that that be continued forever, but we should try it for at least two or three more years.

Have conditions improved so greatly in this country? Why do I make that suggestion? We are just beginning to realize the true conditions. We are just beginning to realize that what we spoke of as a great movement forward was in fact no such thing. We are now beginning to feel the effects of the great recession that has taken place in the United States. According to the figures brought down the other day, our exports last month to the United States were not one-half of what they were a year ago. They are $17,000,000 as against $36,000,000. Under such conditions, is it fair to do what is proposed? Is it quite just? Is it quite in keeping with what we have done? Is it not an utter and entire disregard of the record of the past, of what we have done in writing down and providing inducements with regard to payments? How can people pay anything under the economic conditions that have been mentioned in the debate of to-day and a few evenings ago? These people are just keeping body and soul together.

I do not want to speak of my own personal experiences, but I have guaranteed the obligations of many of these men. I suppose there is no harm in my saying that the other day I sent a cheque for $4,000 to a bank in connection with a guarantee I had given for one of these soldier settlers. He was there with his little family and he could not get about very well as the children were quite young. What are we going to say in the face of this recession that is reflected so terribly in our exports? Are we going to say: Well, this is a good time to stop being friendly and kindly; the time has now arrived when we want our dollar. I know the Minister of Mines and Resources is a kindly man, and I should like him to tell the committee what has induced the government to take this position. There has been no indication to this chamber of what has happened. There is nothing a single hon. member can say in explanation of what has been done except that we want our money. It is a bad time to want it. I do not mind telling you that it is always a bad time to want money when you cannot get it. That is the position; we are not going to get it.

I do not want to prophesy, for the role of a prophet has never been one that conduces to longevity. If I remember rightly the teachings of holy writ, some prophets fell into rather evil days. I shall not endeavour to prophesy, but I venture to think that those hon. members who return next year and ask the minister how much money he has received under his new act will find themselves greatly disappointed. Why not let us be just, not generous? Why should we depart from tradition? I shall not put it as high as tradition; why should we depart from the past record, the record not of one government alone? Mark you, if this were political I would not be talking of it in this way; it is something more than that. Essentially it gets down to this: Do we value keeping a man on the land where he can try to work out a livelihood for himself and his wife and his children? Do we say that we do not? This bill says we are to say to him, "Pay or get out."

The hon. member for New Westminster says that it means the spending of thousands of dollars in British Columbia because we are going to maintain the machinery of large numbers of inspectors and others for the purpose of inspecting the inspectors and other work of that kind. I plead with the minister. I asked him to think it over the other evening, and that is all I could do. I am sure he has done that. Are we going to go back to our several peoples, get them together and say: "Well, boys the government has concluded that you are so well to do, so happy and contented, that you will want to pay up, plus interest at five per cent; they have changed the order of things and provided that this is to be dealt with in a new way, namely, one hundred cents on the dollar and credit for just one hundred cents when you pay it. Look at what we have done." I am to tell my friends that we have reduced the interest rate from seven to five per cent. I am to tell them that we have cancelled the arrangement whereby they received credit for two dollars for every one that was paid. I must tell them that we are now going to ask them to pay one hundred cents on their obligation.

It cannot be done and it will not be done. Why not let us take the matter courageously in hand and say that we shall continue with

the old plan; that we shall give them another couple of years of it? If it works out, all right; if it does not work out, so much the worse, we shall have to do something more. That is all I suggest to the minister. I apologize for trespassing again upon the time of the committee. If it were not that I felt so strongly about this matter, I would not urge it with such pertinacity and persistence. But I feel strongly about it, and I believe beyond peradventure in the suggestions which we make. These are not political suggestions; they are suggestions that come from observation, from experience and from some little knowledge of under just what conditions these men are living and of the effort they are making to be honest, decent citizens with an earnest desire to meet their obligations. But this they cannot do under existing economic conditions.

Mr. CRERAR: Mr. Chairman, I disagree somewhat with the right hon. leader of the opposition. The only soldier settler who will not get any benefit under this legislation is the settler who has completed all his payments up to March 31 of this year and who has consequently taken full advantage of the bonus. Let that be clearly understood. I almost thought that the leader of the opposition was under a misapprehension. When this legislation was passed in 1933 establishing the principle of a dollar for dollar bonus, it was given a life of only three years. At that time the price of practically everything produced on a soldier settler farm was at the lowest point in the history of this country. If the situation is so desperate now when prices have doubled, according to the price index, why did the government of the day not make this applicable for five or ten years? They evidently contemplated at that time that there should be a limit, and in the law they passed they imposed a limit of three years. Later, in 1936, it was thought advisable to extend the privilege for another period. As I have stated before, legislation was introduced in this house extending it for a period of three years, but in another place that period was reduced to two years.

The criticism I would make of the hon. member for Comox-Alberni—and the same thing applies to the hon. member for New Westminster—is that they take a few cases, perhaps a number of cases, in British Columbia where conditions are bad, and then reason from that that this proposal should apply right across Canada. There are returned soldiers who have taken advantage of the dollar for dollar privilege, and who are in a position to complete their payments on their land; yet in order to confer an advantage on a returned soldier settler in Comox-Alberni my hon. friend proposes to extend this privilege right across the board to people who would no doubt be very glad to take advantage of it, but who on a basis of equity really do not need it. I am sometimes surprised in this house at the easy way in which we deal with obligations owing to the government.

As I said before, I am not now going to criticize the inauguration of this scheme about twenty years ago; but I venture to say that before the country is through with the soldier settlement experiment, it will have cost the country anywhere from $75,000,000 to $100,000,000, and probably nearer the latter figure.

Mr. BENNETT: I put it at $80,000,000.

Mr. CRERAR: I think my right hon. friend is low at that figure. It means that the taxpayers of this dominion have to shoulder that burden—make no mistake about that. There is no one in this chamber who is more desirous of dealing fairly with the returned soldiers than I am. I know the sacrifices these men made for their country. Some have, perhaps in a moment of misguided zeal, gone on farms, many of them not equipped with the necessary experience and knowledge to succeed in that vocation.

I repeat what I said before, that this legislation is, I think, fair. There is a way of dealing with the extreme cases to which the hon. member for Comox-Alberni has referred, and I say this, that the soldier settlement board administration will facilitate in every way the cases of those who are in the plight referred to by him and by the hon. member for New Westminster before a tribunal where all the facts can be made known and an adjustment be arrived at. The soldier settlement board administration will not put anything in the way of that adjustment; we will facilitate it in every way.

Mr. NEILL: And that tribunal may be struck out of existence inside a fortnight.

Mr. CRERAR: No; my hon. friend is, I am afraid, again overstating the case.

What are the advantages of that method? The advantages it seems to me are these, that the individual soldier settler can go before what is in effect a court where he can be certain of the fairest kind of treatment, and the soldier settlement board administration is not going to put any obstacle in his way. Individual cases can be dealt with in that fashion. The man who is not entitled to consideration will not get it from the board, but the man who is entitled to consideration

will get it. It seems to me that this is a much more equitable and fair way of dealing with this problem than for us in a great burst of generosity in this house simply to say: We are going to extend this privilege right across Canada, from Halifax to Vancouver, to everyone whether he needs it or not.

There are many who have taken advantage of this privilege. One would almost imagine, listening to the hon. member for Comox-Alberni, that no one in British Columbia had been able to take advantage of this legislation. As a matter of fact, in the Vancouver district—and that includes, I think, all of British Columbia—there were still 1,312 soldier settlers on land at the 31st of December, 1937; of that number 1,165 had been able in some degree to take advantage of the dollar for dollar privilege which has been in effect for the past five years. I cannot at the moment give the precise extent to which they have been able to take advantage of it, but I submit that the picture is not nearly so black as the hon. member for Comox-Alberni pictures it, or as bad even as my good Scotch friend from New Westminster pictures it, when 1,165 soldier settlers out of 1,312 in British Columbia have been able in some degree to take advantage of the bonus.

I repeat, there is the machinery to adjust individual cases. It is not necessary, in order to deal with a few hundred or perhaps even a larger number of cases in British Columbia, to pass legislation that will be effective right across Canada and give advantages to those who, so far as I am aware, are not asking for it and probably do not need it. I think at times we should give some consideration to the position of the taxpayers of this country. I believe the great majority of the returned soldiers do not want to be unfair or unreasonable. They do not wish to get at the expense of the taxpayer something to which they are not entitled.

I admit that this question is a difficult one to deal with. I know I shall probably be misrepresented from one end of the country to the other in bringing down this legislation, but nevertheless I submit it is fair and reasonable. If economic conditions change within the next year or two and the situation comes that the right hon. leader of the opposition came near prophesying, it will always be open to parliament to reconsider its decision. It is not a closed book, if conditions change to warrant reconsideration by parliament.

Mr. FAIR: There is no time like the present for reconsidering.

[Mr. Crerar.]

Mr. CRERAR: With my hon. friend there is no time like the present for soaking the taxpayer in every possible way he can soak them, but so far as I am concerned I do not march in that column. I submit again to the committee that this is fair legislation, and I think the committee will make no mistake in accepting it. If within a year or two from now the economic situation has changed and prices come down, it is always open to parliament to reconsider the legislation. I think it is quite clear that when the legislation was first introduced and made effective for only three years, it was brought down to meet an extraordinary economic situation in this country. Notwithstanding the predictions of my right hon. friend the leader of the opposition, the situation to-day is vastly better than it was then, and I think we can well afford to accept this legislation, and if necessary review the situation a year or two years from now.

Mr. PELLETIER: The minister has made it quite clear that in his opinion there are certain parts of Canada where the settlers are not or have not been in a position to take advantage of this legislation. The minister will realize as well as we do that the discussion this evening has unearthed a lot of information, and I believe it would obviate a great deal of discussion if he would be good enough to tell us what particular part of Canada he had in mind that could pay the dollar for dollar. I am interested to know that because it would clear up the situation immediately if we knew where the money was to come from.

Mr. CRERAR: Let us take the province from which my hon. friend comes. In the Edmonton district there are 1,663 soldier settlers on the land, practically all of whom have taken advantage to some extent, in some form or another, of the dollar for dollar bonus. In Calgary, the southern district, there are 1,362 soldier settlers on the land, and of these 1,156 to some degree have taken advantage of the bonus.

Mr. DOUGLAS (Weyburn): What is the total amount paid?

Mr. CRERAR: In Calgary the amount of the bonus credited was $622,000 and in Edmonton, $875,000. Now we come to Saskatoon, the district that covers the whole of Saskatchewan. In Saskatoon there were 2,831 settlers at December 31, 1937, and of that number 2,178 to some extent have taken advantage of the bonus. The amount of the bonus credited was $1,040,000 in Saskatchewan.

Mr. BENNETT: That means that one million dollars was paid.

Mr. CRERAR: Yes; that is for the period during which the bonus has been operative.

Mr. COLDWELL: How many took advantage of it last year?

Mr. CRERAR: I have not that information; I have simply the total.

Mr. BENNETT: That is for the five years.

Mr. CRERAR: Yes. I submit that even under those conditions this is a creditable showing, and I think it means that the overwhelming majority of the soldier settlers now on the land want to meet their obligations. They do not wish to sponge on the taxpayers if they can fairly and honestly meet those obligations, and this will give all of them an opportunity to catch up for the next three years on those payments they have been unable to make during the period in which the bonus was in effect. As I have said before, the legislation is reasonable. It was certainly not brought before the house until after it had been considered by the government and explored by those who have to do with the administration of the act.

Mr. COLDWELL: Speaking in round figures, as the minister has been doing, one is apt to give an entirely exaggerated picture of what has happened. If the minister had told the committee as well what number of cancellations had been made and the number of quit claims that have been given over the same period, I think it would show that the soldier settlers have not been able to do very much. With regard to the Saskatoon district, in the five years there has been collected approximately $1,000,000; that is $200,000 a year; and I believe the minister said there were some 2,000 settlers. That means they have been able to take advantage to the extent of $100 apiece, which is not a great deal when we average it over the five years and take into consideration the number of parcels of land involved. I agree with what has been said in this discussion. The letter just read by the hon. member for Comox-Alberni and referred to by the hon. member for Battle River has also reached me and I would draw the minister's attention to the last paragraph. I believe that much of the difficulty could be cleared up if the minister would agree to the first part of the last paragraph of the letter from the Soldier Settlers' Union. Let me quote it:

> We strongly urge that a conference be arranged to bring about a permanent solution to the settlement problem.

[Mr. Crerar.]

I believe that one of the causes of dissatisfaction among the soldier settlers is the feeling that in recent years they have not been able to have a conference with the minister to discuss the matter. I shall not enter into the controversy that has been raised regarding the legion resolution. I believe the legion passed that resolution in good faith on information which it had. But it was pointed out that certain representatives of the settlers were not able to be present. If this matter were held in abeyance for a few weeks and the minister could confer with some of the soldier settlers, many of the misunderstandings could be removed and probably the minister could present a bill which would meet with the approval of more members of this house than approve it at the present time.

Mr. BARBER: I am very sorry indeed that the government has not seen fit to extend the bonus. I was puzzled until a few minutes ago, when I heard the minister's statement, as to why they would not continue the bonus. It appears from the statement of the minister that his sole reason is the protection of the taxpayers of the country. He has referred to large sums that have been paid, though I am not sure whether he mentioned British Columbia. At any rate, large sums have been paid into the treasury. Has he any idea how much of that would not have been paid if we did not have the bonus? There would have been very little as far as British Columbia is concerned, and I believe the minister will find at the end of the year that cutting out the bonus will result in lower collections. His collections will drop considerably and in some parts of Canada they will drop out of sight. I do not suppose there is any use in continuing this debate and pointing out objections. I have received a number of letters of protest from British Columbia. I have also a telegram from the Canadian Legion from Haney, British Columbia, dated March 14, addressed to myself:

> Strongly urge you support amendment bonus scheme. Failure secure this extension will dishearten many struggling to make good this district.

That is signed by the president of the Canadian Legion, branch 88. From the figures the minister has given, it appears that there were 147 in the province who did not take advantage of this legislation. Therefore, if this amendment goes through to-night, it means that the only men for whom provision will be made will be these 147.

Mr. DUNNING: My hon. friend is wrong. It will apply to all those who have been able

to take advantage of the legislation only in part; it will apply to them and extend the opportunity to them to take advantage of it fully.

Mr. BARBER: I may be wrong, but I thought the minister said that there were 1,165 who had taken full advantage of it. At any rate there is a large number of those who have been unable to pay during the last few years, and they will certainly not be able to pay in the next three years. I know that a large number of those who have been paying will become discouraged and make no payments at all. It is all right to say that they can go to the farmers' creditors arrangement board, but these men are not bankrupt. An odd one may be, but a man who has been struggling along and making his payments in order to get that extra amount credited cannot go to that board the next year or the year following. He will not be bankrupt.

Back in 1933 when this legislation was first introduced, we know the condition. It was supposed to be temporary. At that time we thought that we should be back in prosperous times within three years. At any rate it was going to be easy to extend the term. It was extended; but according to the prices of farm products quoted here to-night, conditions are not very bright in many parts of this country to-day, and there is little opportunity for these returned soldiers on the land to make even fifty per cent of their payments. The minister infers that the soldier settlers in eastern Canada are in fairly good condition. I do not know about that, but I know how they are in British Columbia. In 1933, when this legislation was first introduced, we found some soldier settlers owing on their land perhaps $5,000. One in particular pointed out to me that he could go across the road and buy an identical piece, with the same acreage, for $3,000. I said, "For goodness sake buy it, and throw up your place." He said, "Well, there is this bonus; if I can keep on paying, with that bonus I shall be able to clear this place for a total payment of $2,500, with of course, interest added." Many of them viewed the matter in that light, that with the bonus it gave them a revaluation of their land, and they were encouraged to stay on and try to complete the payment.

Another suggestion was made the other evening by my leader in regard to the rate of interest, which I understood the minister was going to take into further consideration. They reduced the rate to five per cent; I thought it might be reduced to at least four per cent. Speaking of interest, I took up with the Minister of Finance the other day a little question of interest. There is in British Columbia a firm of which a number of the employees are returned soldiers. They decided to enter into a scheme by which their savings might be set aside and saved for their old age or for some future date. The question arose how to invest those savings. They said to me that in the post office savings bank they could get only two per cent. I took the matter up with the Minister of Finance, and this is what he said:

> I might say, however, that if the operations of the fund are such as to require that they should be available for withdrawal in cash form at any time, then in view of the current situation with respect to interest allowable on notice deposits or on short-term loans it would appear that two per cent is not an unreasonably low rate of return. I might mention, for example, that the dominion government is currently obtaining short-term funds for just over one-half of one per cent.

These returned men can obtain two per cent on their money; according to the Minister of Finance that is about the limit; but soldier settlers are called upon to pay five per cent.

Mr. DUNNING: My hon. friend is scarcely fair in quoting the letter in the manner he does. I gave the best advice that I thought I could give under the circumstances with respect to money subject to withdrawal on demand. To compare that with interest rates on long term obligations is scarcely fair.

Mr. BARBER: I am not comparing it; we are talking about an interest rate. We know what it was some years ago and what it is to-day. The government is borrowing money at one-half of one per cent.

Mr. DUNNING: Money payable in three months.

Mr. BARBER: I say the minister should have taken seriously into consideration giving the soldier settlers the benefit of a reduction to four per cent at least.

Mr. BENNETT: Was the minister a member of the government at the time these proposals were initiated?

Mr. CRERAR: No. I have not that sin on my head.

Mr. O'NEILL: What will happen to soldier settlers who have bought land and now owe probably as much as the land is worth on the open market? If this goes through and they are not able to take advantage of it, will they be permitted to stay on the land?

Mr. CRERAR: It is difficult to answer a hypothetical question of that kind. In the first place, as I have already said several

times, a soldier settler in the position my hon. friend refers to can go before a board of review under the Farmers' Creditors Arrangement Act and get a readjustment of his obligation. That is being done constantly. I have not any doubt that the board will take into full consideration all the facts of each case. The settler will then have a period of three years in which the payments that are due up to the end of this month carry the dollar for dollar bonus privilege. I cannot think of any better way of putting him in a position where he can swim once more if he wants to swim.

Mr. NEILL: I wonder if the minister would amplify the statement he made a few minutes ago that I had misstated or overstated something. Let me give him the picture. He was telling some hon. member that after all things were not so bad; that these settlers could come before the farmers' creditors arrangement board and get relief. The minister may not appreciate it, but there are still people in this country who for sentimental reasons do not like to be put in the position of bankruptcy. They would put up with a good deal of hardship to avoid that, and that is what it means if you go to that court. There is also an economic side to the situation; his credit is utterly spoiled. I know men who have let their grocery bill run behind a little, because their credit was good, in order to make their payment and get the dollar for dollar advantage. But if a man goes before the board his credit is gone, because the usual proposal put up to this board is to cut the unsecured creditors' claims in half, and the moment that is done it means his credit is gone, not only with that particular grocer but with all the grocers in town, because they have a credit bureau which circulates that information.

The point I was making, when the minister said I was overstating, is: I said, or meant to say, that there was no use in holding out this golden vision of the Farmers' Creditors Arrangement Act, or the court as the minister called it, because the court might not be in existence a fortnight from now. And here is my justification. It is true that the bill may not be passed in a fortnight at the rate we are now passing legislation, but here is Bill No. 25, section 5 of which reads:

5. The said act is amended by inserting therein immediately after section nineteen thereof the following section:

"20. On and after a date to be fixed by proclamation of the governor in council, no new proposal shall be made or filed by any farmer or accepted by any official receiver in any province in respect of which the said proclamation is issued."

[Mr. Crerar.]

I do not know what the activating motive will be to lead the government to take action, but this bill gives them power to proclaim at any date after the bill is passed that in any particular province that act ceases to be in effect. So it is a rotten deal indeed to hold out to these settlers that they may be able to go before this board which, as I say, may not be in existence then. Will the minister explain wherein I overstated anything when I made that allusion? I am not in the habit of being told that.

Mr. CRERAR: My observation was of a general nature. Not only this evening but when this bill was before the committee recently the hon. member for Comox-Alberni certainly gave me the impression that the situation of the soldier settlers in British Columbia was desperate. My remark that I thought he had overdrawn the picture a little was prompted by the fact that of 1,312 soldier settlers in British Columbia under the district of Vancouver, 1,165 to some degree had taken advantage of this opportunity in the past five years, to the extent of $650,000.

Mr. NEILL: In British Columbia?

Mr. CRERAR: In British Columbia. That was the bonus credited to them in five years. So I submit that the picture cannot be so gloomy as my hon. friend painted it.

Mr. NEILL: I do not wish to quarrel about the matter; it is not worth while delaying the committee, but that is not the occasion to which I alluded. The minister was definitely saying that the settler could go to the farmers' creditors arrangement board, and I said that in less than a fortnight that court might not be in existence.

Mr. DUNNING: That is an exaggeration.

Mr. NEILL: The Minister of Mines and Resources then said that the hon. member for Comox-Alberni was overstating the case, and that is what I wish to have amplified. Was I overstating the case when I said that at any moment the court, to which he suggests the settlers can go, may be done away with? Was there any overstatement in that remark?

Mr. DUNNING: As the minister responsible for the legislation to which the hon. gentleman refers, I can certainly say that he overstates the case when he says that in a fortnight that court may be out of existence. In the first place the legislation concerning it can scarcely be put through parliament and assented to in a fortnight, and beyond that I shall give him the assurance that a most careful inquiry will be made as to the need, from the standpoint of the farmer, for continuing the act.

Mr. NEILL: Is that inquiry provided for in the amending bill?

Mr. DUNNING: No. Power is given, and I stated very plainly—

Mr. BARBER: I was wondering if the minister could tell us how many of these 1,165 settlers took full advantage of this opportunity.

Mr. CRERAR: As I told the committee before, I am sorry I cannot give my hon. friend those details for Vancouver. I imagine they can be made available, and I should be glad to supply them to my hon. friend. In any case those who have not been able to take full advantage of the legislation will have an opportunity to do so for the next three years.

Mr. BARBER: I was just wondering how many would be in a position to come under the Farmers' Creditors Arrangement Act, because certainly they would have to be far behind to be bankrupt. Therefore we should know what percentage of those settlers have taken advantage of it, and what is the outstanding indebtedness of those 1,165 settlers at the present time.

The DEPUTY CHAIRMAN: Shall the section carry?

Mr. NEILL: No. It has not been put to a vote yet.

Mr. BARBER: Is the minister able to advise us as to the indebtedness of those 1,165 settlers in British Columbia, or of the total of 1,312 settlers?

Mr. CRERAR: No; I am afraid I have not that information in my notes.

The total present investment in British Columbia is slightly over $5,600,000. This includes all under the act.

Mr. BENNETT: Does that include interest?

Mr. CRERAR: Yes; that includes interest.

Mr. BENNETT: How much is principal and how much is interest?

Mr. PELLETIER: A moment ago the minister mentioned certain figures referring to Edmonton, Calgary and Saskatoon. He said that in the Edmonton district the figure was $875,000; in the Calgary district, or the southern part of Alberta, it was $622,000, and in the Saskatoon district it was $1,040,000. Do those figures represent the actual amount of money collected or do they represent the bonus that was given? That is to say, Was there really $875,000 collected and something over a million and a half credited to the account of these settlers?

Mr. CRERAR: Already this evening I have answered that question twice. The figures I gave were the amount of bonus.

Mr. BENNETT: The amount paid as well?

Mr. CRERAR: The amount of bonus credited.

Mr. BENNETT: And an equal sum was paid?

Mr. CRERAR: Of course.

Mr. NEILL: The minister was talking about collections. I have in my hand the report of the soldier settlement board brought down this year, dated June 15, 1937. At page 329 I find the following collections: Vancouver, which I understand takes in the whole of British Columbia, instalments due in 1936; $273,364.96; total due, including arrears, $939,221.84; due payments, $66,871.35; percentage of current instalments paid, 24·5; percentage of total due, 7·1. So that in British Columbia, where we have been told they have paid so zealously, in 1936 they paid only 7·1 per cent of the total indebtedness. At that rate how many years will it take them to overcome that debt?

Mr. DUNNING: That is seven per cent of the total indebtedness in one year. I think that is pretty good.

Mr. NEILL: If they owed $100 they have paid $7, which would be scarcely house rent. Does the minister suggest that 7·1 per cent is a good record of payment? It certainly does not look that way, as compared with the other provinces.

Section agreed to on division.

Bill reported, read the third time and passed, on division.

TRANSPORT COMMISSION

AUTHORITY TO CONTROL TRANSPORT OF PASSENGERS AND GOODS BY RAILWAYS, SHIPS AND AIRCRAFT

Hon. C. D. HOWE (Minister of Transport) moved the second reading of Bill No. 31, to establish a board of transport commissioners for Canada, with authority in respect of transport by railways, ships and aircraft.

He said: Mr. Speaker, the object of this bill is to promote the stabilization of the transport industry in Canada, in the public interest as well as in the interests of all those engaged in transportation. The bill extends regulation of rates to inland shipping and to commercial air transport.

No one questions the benefit of the government regulation as applied to the railways, least of all the railways themselves. The government believes that the extension of rate regulation to our inland waterways and to our commercial airways will carry with it similar benefits. It should be made clear from the first that there is no intention to limit development on sound economic lines of any form of transportation in favour of any other form of transportation. It is inevitable that the development of newer forms of transport will be accompanied by some loss of business from older forms of transport, and it is not the purpose of this bill to interfere with that process, so long as the same rules of competition apply to all.

The purpose of the government is to bring about a situation where competition may make for the benefit of the public and health within the industry. We all recognize that Canada must have an adequate railway service, since without it and for climatic and geographic reasons it would be impossible to conduct the business of the nation. We also recognize that our great inland waterway must be served by transportation agencies conducted on a sound economic basis, so that these waterways may continue to provide those low-cost transportation facilities that make it possible for our western farmers to compete in the markets of the world.

Transportation by air is still in its infancy, and it is logical that the development of this industry should be conducted along sound lines, under government regulation. It is a matter of public interest that transportation rates be reasonably stable, and applied without discrimination. Experience has shown that publicity is essential to prevent discrimination. Therefore the publicity of rates is a fundamental requirement in this bill.

We also appreciate that our transportation rate structure may break down completely unless some relation is maintained between transportation charges and the abilities of various commodities to stand those charges. There is also the problem of conditions of employment in transportation industries. It will not be a question that it is the duty and interest of all employers to endeavour to maintain reasonable standards of conditions and rewards of employment. The absence of regulation and the resulting uneconomical competition must inevitably bear heavily on the workers, since labour costs comprise such a large proportion of operating expenses. The wide difference in working conditions, as between regulated transportation and unregulated transportation, must be apparent to all. Apart from the effect on labour, the interest of public safety is also involved.

Objections to this bill have taken the form, not that regulation is undesirable, but rather that the means provided by the bill may work hardship in certain specific instances. Many have objected on the ground that the bill will have the effect of increasing rates. I see nothing in the bill which can reasonably lead to that conclusion. The fact is that Canadian railway rates, as established under regulation, are among the lowest in the world, and this has been accomplished notwithstanding the fact that Canada is a sparsely populated country. Regulation should have the effect of lowering rather than raising rates, by tending to eliminate wasteful and destructive competition among the various forms of transportation.

It has been assumed that under this bill the transport commission will fix rates. That is not the purpose of the bill. It provides, rather, for policing the methods of rate fixing used by the transportation companies themselves, in order to substitute order for chaos, and to ensure the elimination of unjust discrimination between one shipper or passenger and another shipper or passenger.

Mr. BENNETT: But the transport board will fix the rates, will it not?

Mr. HOWE: They will approve rates. They will pass on the rates submitted, and amend them as the evidence in the case indicates.

Mr. BENNETT: Am I right in understanding that no rate, other than one approved by the board, will be valid?

Mr. HOWE: That is correct.

Mr. STIRLING: That is what the railway commission does.

Mr. BENNETT: Yes.

Mr. HOWE: On the other hand, individual carriers who fear that rate regulation will result in the establishment of unreasonably low rates, as a result of the board of transport forcing carriers to adopt the lowest rate published by an improvident competitor, can be assured that the bill provides ample remedies against such a condition. There is

nothing in this bill which can be used to force carriers to furnish services at rates that cannot be economically justified.

There was a time when transportation in Canada was largely a railway monopoly, without state regulation of rates. The need for regulation at that time was apparent to all. In 1888 the railway committee of the privy council was given certain powers of rate regulation. This seemed to satisfy the public until about 1898, when there was an insistent demand for adequate regulation. After extended government investigation, the Railway Act was amended, in 1903, to provide for the organization of a railway commission. The board was established in 1904 with very wide powers over railways constructed under federal authority, as well as over railways constructed by provincial authority, when such railways are declared by the parliament of Canada to be a work for the general advantage of Canada. The first membership of the board was restricted to three commissioners; but four years later, 1908, when our railway mileage was approximately 25,000 miles, three more commissioners were added, and the usefulness of the board increased by an arrangement permitting the board 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.

When the board of railway commissioners was first established, the railway exercised a virtual monopoly in the field of transport. The competition from inland waterways was negligible; the automobile was a novelty, and the aeroplane was a thing of the future.

Mr. BENNETT: There was always water competition on the great lakes. was there not?

Mr. HOWE: Yes, but at that time it was not a serious competitor with the railways, because it was confined almost entirely to bulk cargoes. The railways no longer enjoy a monopoly in the field of transportation. The rapid development of the internal combustion engine and its application to trucks, buses and automobiles, and the constant demand for paved highways, have brought highway transportation very prominently into the transportation picture. It is unnecessary for me to remind hon. gentlemen of the effect of highway competition upon railway revenues.

The construction of the Welland ship canal has also had a marked effect upon transportation problems, in that it has created a surplus of boats of the type that formerly confined their operations between Port Colborne and Montreal. These boats have now extended their operations to the head of lake Superior, and to obtain cargoes have made serious inroads into the package freight business formerly carried by the railways. The fact that the railways are subject to regulation while the motor vehicles and water carriers are not, has placed a severe handicap on the ability of our railways to meet this new competition. On the other hand, lack of regulation has not brought prosperity to the unregulated carriers. Competition has been of the destructive type, not only to the railway earnings but to the earnings of its new competitors.

Both the railways and the public have no doubt that regulation has been beneficial to railway transportation. There is every reason to believe that the extension of regulation to other forms of transportation would have been demanded by the public before this, were it not for the fact that the railways themselves are now in effect the regulators for competing forms of transportation. Railway rates are published, and generally represent the maximum that competing agencies can demand, while unregulated transportation can underbid the railway to such an extent as may be necessary to divert business from the railway. The public have the railway to fall back on when other forms of transportation disappear, and so have not become alarmed at the destructive effect of the competition from transportation that is often of the "fly by night" variety. In short, the railway tariffs form a protective blanket over the rates of competitors to the railways. A reduction in railway rates to hold railway business can have no permanent effect, other than to drive some of its competitors to more profitable fields.

Canada is practically the last country to apply state regulation to transportation other than railways. The United States have extended the authority of the interstate commerce commission to all railway operations, pipe lines and motor vehicles operating across state boundaries. Its Motor Carrier Act of 1935 has done much to regulate commercial vehicles on the highways and to coordinate highway rates with railway rates. Similarly, United States coastwise ocean traffic is regulated, as well as coastal carriers operating between ports on the Atlantic and ports on the Pacific through the Panama canal. Regulation has not as yet been applied to inland waterways, such as the great lakes and the Mississippi river; but there has been introduced in the senate by the chairman of the senate committee on interstate commerce, a

bill which will provide, through the interstate commerce commission, the same or even more extensive regulation of shipping on the great lakes than we propose under this bill.

Mr. BENNETT: Is that the same bill which was up last year?

Mr. HOWE: Yes; it was not reached. In Great Britain, state regulation is exercised over the railway carrier, the highway carrier and the water carrier. The same situation exists in northern Ireland.

In the Union of South Africa, the state owns all railways and exercises complete control over highway vehicles for hire for passengers and goods. A scale of charges must be filed with the regulating body, and the reasonableness of those charges is decided by the board. In New Zealand and Australia, the regulating bodies have control over all forms of transportation, and a certificate of convenience and necessity is necessary before any new carrier can operate. It will thus be observed that Canada has been slow to accept a situation that most other countries have dealt with.

This bill applies regulation to shipping other than for bulk cargoes, such as wheat, iron ore and raw materials, that are handled in bulk without packaging. The reason for excluding bulk cargoes is that these are not competitive, being carried at rates so low as not to be attractive to rail carriers. In my opinion, both the public and the carriers would benefit by the extension of regulation to bulk carriers; but as a number of protests were received when this bill was considered previously, the government has decided to exclude bulk carriers from the bill. Regulation of shipping applies only to rates, as safety features are now regulated by the shipping act.

Transportation by air is a comparatively new industry and, therefore, regulation can be applied without any serious dislocation. It is believed that regulation is generally acceptable, both to the operators and to the public. Regulation under this bill applies only to aircraft operating on regular schedules, over regular routes. It does not apply to carriers engaged in pioneer work or on casual services.

Mr. BENNETT: Or a private undertaking.

Mr. HOWE: No; this applies only to public carriers. Provision for agreed charges extends to the railways a privilege that is now enjoyed by highway carriers, water carriers and aircraft, that of contracting with a shipper to handle his shipments exclusively at a rate which may be lower than the tariff rate. Agreed charges are now a well established feature of British transportation and have proved beneficial both to the carriers and to the shipper. The principle has also been generally adopted in France. In short, the principle of agreed charges permits a carrier to give to a shipper who gives all his business to the carrier a lower rate than must be given to another shipper who prefers to pick and choose between various types of carriers.

Mr. BENNETT: Is there any such thing on any other part of this continent?

Mr. HOWE: It has not been applied on this continent; but it has been applied in England for about three years, and I have been told it has proven to be quite beneficial.

The bill provides for full publicity of rates granted under agreed charges, and provides against discrimination as between shippers who wish to obtain the benefit of agreed charges. There can be no discrimination as between the large shipper and the small shipper. In fact, the principle of the agreed charges works to the benefit of the small shipper, who cannot always obtain as low a rate for highway transportation as can his larger competitor.

The fairness of a low rate for all year round shippers is obvious. In many sections of Canada, where the highways cannot be kept open the year round, everyone must use the railway for winter shipments. The agreed charge simply provides that in such cases, those shippers who agree to ship all year by railway will get an all year round rate, but those who elect to use the railway in winter and trucks in summer will not get the same treatment. It is a realistic treatment of a new development. There can be no harmful discrimination when it is provided that any shipper, big or small, who is willing to conform to the same terms, shall get the same treatment.

In my opinion the agreed charge presents a greater chance of preserving the low rate on long distance and bulk commodities, so essential to our national economy, and of putting a stop to the gradual withering of our rail service on many branch lines, the loss of which is an economic loss to the country, than any other measure of which I have knowledge. It is well worth a trial. It will tend to curb the uneconomic expansion of highway traffic and, by doing so, will afford an opportunity for the sound coordination of the two types of transportation, each within its own economic sphere.

Much is being said currently in favour of drastic measures to be applied for the purpose of reducing the operating expenses of

our railways. The discussion extends to abandonment of five thousand miles of light traffic line, merging of locomotive and repair shops, consolidation of terminals and similar measures which would leave a trail of destruction across Canada that would, in my opinion, far outweigh any consequent real reduction in operating expenses. I regret to say that when this bill was last considered, those parliamentarians who are now most vocal in advocating such extreme methods, were strongest in opposition to the provisions of this bill. It must be apparent to all that the provisions of this bill will benefit our transportation industry, without in any way curtailing the extent or efficiency of transportation service in any part of Canada.

I sincerely hope that, in considering this bill, parliament will be disposed to place less dependence upon destructive and drastic solutions for our railroad problem, and will give serious and favourable consideration to this constructive step toward improving the economy of Canadian transportation. We all desire to avoid an increase in railway rates in Canada similar to that recently adopted in the United States. The public concern over the plight of the carriers in that country, where about forty per cent of railway mileage is in receivership, may be judged by newspaper comment on recent rate increases, amounting to five per cent on raw materials and ten per cent on finished products. Most newspapers commented that the increase should have been greater.

Transportation in Canada has done much toward the building of our national economy. Through this bill we can give it a measure of protection and assistance without imposing any burden on the Canadian people. When this bill is examined in committee, I trust that trivial objections and unjustified fears and alarms will not be permitted to cloud the real merit of the measures contained in the bill.

In order that the bill may have the fullest possible consideration, after the second reading I shall move that the bill be referred to the standing committee on railways, canals and telegraph lines.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, the second reading of a measure involves the acceptance of its principle, and the principle of this measure is regimentation. How far my hon. friends opposite believe in regimentation is not a matter now to be discussed; how little they used to believe in it is a matter of record. I have a very clear memory of the many occasions on which some of my genial friends opposite, in language at once forceful and elegant, opposed anything like the semblance of regimentation. The frank smile on the face of the Minister of National Defence (Mr. Mackenzie) does not in any way indicate that he was the only person to engage in those criticisms. But if we accept the principle of regimentation as a part of our everyday economic life, there would seem to be few fields in which it could be more usefully employed than in the field of transportation.

I cannot say that I wholly agree with the observations which the Minister of Transport (Mr. Howe) has made touching the vocal characteristics of gentlemen in another place, because their vocal expressions were in no sense referring to this measure; they were dealing with an entirely different matter. When the minister suggests that in this measure we shall find a solution of our transportation difficulties, I think he does not mean by that, that we shall find a complete solution, but he believes it will offer some redress to the railway companies for the difficulties under which they now labour. I think that is quite true.

There are, however, in connection with regimentation, two or three matters that I think should be considered as matters of principle before the committee discusses this measure. Last year the measure proposed to deal with public highway transportation. I cannot but think that the minister is well advised in not endeavouring to deal with highway transportation, having regard to the difficulties he would encounter because of the fact that it might impinge at so many points upon provincial jurisdiction. However, that matter we now can say is entirely eliminated because it is not proposed in this measure to deal with highway transportation.

In respect to water transportation, some difficulties, of course, arise from the fact that in inland waters as well as on the sea coast we lie in close proximity to the United States, and obviously we cannot license their vessels. Perhaps it will be within the memory of the minister, as it must be of other members in this chamber, that we did on one occasion endeavour—I was not a member of the house at the time the effort was made—to regiment, if I might use that word, transportation on the great lakes by ships of all nations, including those of our neighbouring republic. The Minister of Finance (Mr. Dunning) finds it a little difficult not to smile, but he is doing his very best and I hope he succeeds. That effort at licensing or controlling transportation by

United States ships on the great lakes is one of the amusing episodes in our long legislative history—I can not use any stronger term than that.

I foresee some little difficulty in dealing with the question of transportation on the great lakes between Canadian ports and United States ports, where rates may be set up that will of course have a great deal to do with governing rates between Canadian ports. That has always been so. That is, the rate from the head of the lakes to Buffalo has a distinct bearing on the rates from the head of the lakes to a Canadian port, whether Prescott or Port Colborne or wherever it may be.

Mr. HOWE: May I interrupt my right hon. friend to say that there is very little package freight between Canadian and United States ports.

Mr. BENNETT: Practically none, and the bill as it is now brought down departs from what was originally intended. It no longer applies to bulk freight, so I think there is probably very little difficulty from that angle.

There is one little anomaly I saw in the bill as I was going through it. Liquids are described as bulk freight, but casks and barrels are not. It would seem somewhat difficult to have a ship carry liquids except it be a tanker.

Mr. DUNNING: That is it.

Mr. BENNETT: There are many ships that are not tankers, just as there are many drinkers that are not tanks. At any rate, Mr. Speaker, the general principle of the bill is one which I think we should give our approval to, even though my hon. friends opposite have slowly come to accept the principle of regimentation.

There is only one real difficulty I see in the measure, and that is in part V, which does not come into operation until proclaimed, with respect to agreed charges. I thank the minister for the very full and frank explanation he gave of part V, and I doubt not that when the committee has to consider the measure it will encounter some difficulties. I fancy that many members of the house have received communications from their constituents and from boards of trade dealing with the question of agreed charges. Many people are opposed to agreed charges which contemplate an arrangement being made between the shipper and the transportation agency, whether it be a railway company or a shipping company, by which all the traffic of the shipper, be he a small or large shipper, is to be handled by the facilities of the one transportation company. That is, if he agrees that the Canadian National or the Canadian Pacific, as the case may be, shall do all his shipping for him in and out for one year, then he has an agreed charge at a rate which is much less than he would secure if he used one transportation company occasionally and another occasionally.

There are grave difficulties to be dealt with there. It is not just as simple in a country the size of Canada as it is in a country such as Great Britain. In France it has been in vogue for some years. It will be recalled that the French republic owns a large number of its railways just as we do here, but fortunately for them their government-owned railways are not competitive, in the main, with their privately owned lines. In other words, they occupy one territory, and the private lines occupy another territory. For instance, the lines running south in France, not all the lines, but in the main the large lines, are the property of private enterprise, and those that run to the northern seaboard are largely the property of the state.

Now we are going to enter upon an experiment in that regard so far as the American continent is concerned. I asked the minister a moment ago if he had a record of the experiment being tried in any other part of America and he said no. I could not find any instance in which it had been tried, although I had not access to the latest books on transportation. But it is an experiment. It contemplates a given transportation agency securing a monopoly on a shipper's traffic for a year—we will say for a period; that is the better way to put it.

Mr. HOWE: Every agency in Canada except the railways has that to-day.

Mr. BENNETT: I am not for a moment saying that the general principle is new; but it is new as applied to railways, and has given rise in other instances to much difficulty. In England where they applied it we find a different set of considerations. In England they consolidated their railways into what one might roughly describe as four systems: the L.M. & S., the Northeastern, and then two smaller systems, making four in all, that represent the consolidated railway systems of Great Britain. Then there was a private and state enterprise in France. We are going to secure a monopoly to a given transportation agency, with the sanction of the law, if the shipper will agree to give all his traffic for a given period to that particular transport agency. And for so doing he will receive a lower rate than if he only used it occasionally. I think that is a fair way of putting it.

Mr. HOWE: The provisions permit the business to be divided between two types of the same carrier. It is not the intention to take the business from one railway carrier and give it exclusively to another.

Mr. BENNETT: It contemplates that one carrier shall have a monopoly.

Mr. HOWE: One type of carrier.

Mr. BENNETT: The railway.

Mr. DUNNING: It might be both railways.

Mr. BENNETT: Yes. It is to prevent the possibility of competition between rail and water or highway or air becoming effective to the detriment of the carrier with whom the contract is made. That is the short way of stating it. Many of the boards of trade in the west are a little concerned about it, although it does not come into force until after proclamation. I think it would be well for the committee to give particular attention to part V, which covers these matters.

With respect to the substitution of the title "Transport Board" for the old "Board of Railway Commissioners," I suppose there is very little difficulty. In Great Britain, it will be remembered, it is not called the board of transport; it is the railway and canal commissioners that deal with matters there. I forget the name used in France. In the United States it is the interstate commerce commission, whose powers and jurisdiction have been extended during the years until they are practically all-embracing with respect to transportation. The difficulties we have in Canada in transportation matters it is not my purpose to deal with, except to say that we have a low freight rate structure. Whether we admit it or not, the real truth is—

Mr. REID: In some parts.

Mr. BENNETT: We have a low structure; I said, a low freight rate structure. There has always been a differentiation between the export and the local rate. If the hon. member for New Westminster (Mr. Reid) has studied the history of the city of Spokane, he will know of its effort to secure transportation rates on a ratable basis of the through rate to Seattle and Portland and he will understand what I mean. For a long time transportation rates in the United States were based on the competition of water carriage to the Pacific coast, and it worked some very strange results, as indicated by judgments of the interstate commerce commission, which, as a matter of fact, were in some instances approved by the Supreme Court of the United States. I happened to be in Spokane at the time they carried on successfully their last great struggle with the Union Pacific and other roads and secured a reduction of rates that gave them a great improvement in their general commercial position. But ours is a low freight rate structure so far as present rates on the American continent are concerned. I have, as every hon. member has at times, compared the rates for the same distances in the United States and in Canada, and while there is good reason for complaint about some of the rates in this country, it arises because of our small population and our vast distances as well as the great physical difficulties which we have to overcome in transport. These are facts that have to be considered in dealing with problems of this kind. But I do not think it would be possible under present economic conditions to increase freight rates in Canada.

Mr. THORSON: They might have to come down.

Mr. BENNETT: Quite. I agree with what the hon. member for Selkirk (Mr. Thorson) has said. It may be necessary, in view of present conditions with respect to competition, from the standpoint of highways and otherwise, that for self-preservation the railways should make a reduction in rates.

Mr. THORSON: We might have to do that to meet continuing competition.

Mr. BENNETT: Yes, quite; that is what I say. We may have to do that. But so far as direction by the transport board or the board of railway commissioners is concerned, personally I believe it is unthinkable that any order would be made to increase freight rates in this country. That is my conviction, for what it may be worth.

In some respects we in Canada are a very fortunate people. We are the only country in the world in which there has been a railway commissioner who prepared the legislation. He prepared the legislation and has sat continuously for a period of thirty years on the board. Doctor McLean prepared the original act under instructions from the late Hon. A. G. Blair, and his report is a matter of record; it will be found in the library. When the statute was passed, or shortly after, he was appointed to the board and he has been there ever since, so that we have had a sort of continuity that has really been of very great value to Canada. At any rate, that is my judgment, and I am speaking only from my own observation; for I used to appear before the board frequently. I believe that the continuance of Doctor McLean there did much to establish with respect to our

board of railway commissioners a certain type of jurisprudence which has been of great value to the Canadian people. Just how the change will affect us I cannot see; for there is no very great change in principle between the freight rate structure that is to be set up under this statute and the one set up under the board. In either case, as I read it, it is essential that approval be given, either by the transport board or by the board of railway commissioners, as it is now, before the rate can become effective.

I recall having once been engaged in interesting litigation in respect of the necessity for publication and for making available to every shipper the freight rates charged by the carrier. In a particular case they quoted a figure that was less than the statutory rate. It was indicated that we should bring action to recover the balance, because we were occupying a statutory position. I am bound to say that the court found the means to render it a little hard to recover, although not without some difficulty, because a freight rate was regarded as much in the nature of a customs impost. When a rate had been approved by the board it occupied a position somewhat analogous to that of an ordinary customs tariff rate, and I cannot make a compromise about a tariff rate with the Minister of National Revenue. If by mistake I pay too little, there is a limit of time within which he can take action and recover the rest from me, notwithstanding that in good faith I paid what the agent or customs officer at the point of entry demanded.

Now I am being led into many by-paths; I apologize. I desire only to say that the general principle of regimentation as applied to transport by sea and air and rail is one that I am sure will commend itself to the people and should commend itself to parliament if the result is anything like what the minister hopes for. We all trust that his expectations may be met and his hopes realized. I think it will require a major surgical operation rather than an anaesthetic to bring about this result. While this may be a suitable anaesthetic, I am afraid it will not serve as the major operation which is essential for the purpose of bringing about, shall I say, health to the subject of the operation. I think the minister is well advised to refer the matter to the committee, and I trust that the public may have an opportunity to make such representations as it may desire, and that it will be made widely known, through Hansard and through the press, that public bodies may have an opportunity to make such representations as they desire with respect to the legislation. I think probably the only phase of the bill that will meet with much discussion is part V which deals with agreed charges on the one hand, and possibly—I say possibly—difficulties that may arise in connection with trade between Canadian and United States ports, either coastwise or other.

Mr. A. W. NEILL (Comox-Alberni): I should like to congratulate the minister on his achievement. I have only a vague knowledge, but it is sufficient to appreciate the enormous work this bill has cost him and those associated with him.

I am sorry to have to take exception to one item. I suppose if it is legitimate to talk about what is in the bill, it is also legitimate to talk about what is not in the bill. I refer to part II, which deals with transport by water. Subsection 4 of section 10 provides that the minister may license ships and may state in the licence the ports between which they may carry goods and passengers, and the schedule of services which shall be maintained. I would have liked to see that amplified in regard to the schedule of services, because that is the only allusion in the whole bill to that feature, and it is a very important feature.

Then the bill goes on to deal with tolls, charges, special rates, etc., at considerable length. Then, having built up what we will hope will be a desirable condition, it somewhat reduces its usefulness by section 12, subsection 4:

> The provisions of this part shall not apply in the case of the transport of goods in bulk.

That has been dealt with by both the minister and the leader of the opposition (Mr. Bennett). That will seriously detract from its usefulness, I think, but the part that I have more interest in is the next:

> 5. The provisions of this part shall not apply in the case of ships engaged in the transport of goods or passengers
>
> (a) between ports or places in British Columbia.

As far as we in British Columbia are concerned, that of course entirely annihilates the whole purpose of the bill. And I gather that the next section does away with any application to the whole coastal trade on the Atlantic. So apparently this section is left applicable only to shipping on the great lakes. Perhaps one should not call it discrimination, or class legislation; but certainly it is special legislation, leaving out the two coasts, where, as far as British Columbia, at any rate, is concerned, we badly need it.

Mr. BENNETT: It is regional legislation.

Mr. NEILL: Yes; I suppose that is the word which should be used. It is badly needed in British Columbia, so much so that in 1935 I introduced a bill to amend the Railway Act, which followed substantially the same lines as the minister's bill, except that mine applied to the coastal waters of British Columbia, and dealt at a little further length with tolls and routes and ports of call. There is ample precedent for this, because ships which obtain a subsidy from the dominion government have to comply strictly with such regulations. Each contract with the Department of Trade and Commerce sets forth a schedule of the ports of call and frequency of service covered by such contract, as well as rates and tolls. So we find that the port of call, the itinerary and rates and tolls are fully under the control of the Minister of Trade and Commerce if he grants a subsidy, however small, to that particular line of ships.

Moreover, it is fully competent under the Railway Act, because section 358 of that act extends its provisions to traffic carried by water by a railway company. Curiously enough it is confined to traffic carried by a railway company and does not apply to traffic carried by a shipping company which is only a shipping company. But if the shipping company is owned by or subsidiary to a railway company, it applies. That provision has been in our law for some twenty-nine years. When my bill was introduced a howl went up, of course, from British Columbia. Always a howl goes up if you propose any remedial legislation of this kind. The same thing occurred when the railway board act was introduced, only much more so; the heavens were to fall; business was to be ruined. But the railway legislation went through and no one would think of repealing it to-day. I think the same thing would have happened if my bill had been allowed to go through. People who would have been controlled howled about it, and many who would not have been controlled lent their assistance merely out of friendship or were afraid of something happening that was not going to happen.

Exactly the same reasons exist now as existed then for regulation of coastwise shipping. Even in 1907, when section 358 of the Railway Act was passed, the need was at least partly admitted, because they said—and the terms are very wide—"We will fully regulate the terms of water traffic when the traffic is carried by the ships of a railway company." It seems to me that was unjust. Why discriminate against the railway company? Why put a railway company that owns a line of ships operating in British Columbia waters under a handicap in competition with another line of ships not owned by a railway company? All my bill proposed was to put them all on an even footing. And there was reason for it. I had bitter complaints of discrimination by some companies there. I do not mind going as far as to say that one company practically threatened me with what would happen if I went on with this legislation. There was more or less of a monopoly out there. Of course it was not called a monopoly; that would be illegal, but called a gentleman's agreement.

Mr. STEWART: A friendly understanding.

Mr. NEILL: Yes; I would rather use that term, because the other stinks in my nostrils in connection with orientals. But I shall not go into that; it is one thing which, when you try to put your finger on it you find it is not there. It is there nevertheless. This company keeps out of this particular place and the other company keeps out of that place. I am not so sure that even the Canadian National does not have a look in at some of these friendly understandings. Then these people who opposed my bill two years ago put a great many obstacles in its path. It was going to apply, they said, to tugboats and every little launch that went to tow a boom of logs. That was all nonsense. It was not intended to do any such thing. I had made a mistake in the bill I drew, however; apparently it would have applied to ships going from the Pacific side to the Atlantic side; so in introducing the bill I explained that point and said I would be willing to accept an amendment providing that it would be applicable only to coastwise shipping as regards the Atlantic and Pacific; that it would not affect the traffic going from one coast to the other.

I know of cases of discrimination, some of which I have under my hand and could read, but I shall not detain the house. I am sure the minister has a copy of one letter, in which the writer said:

> We have been following with interest in the newspapers whatever comment they printed on the new ministry of transport, and note that certain interests in Vancouver are objecting to certain coastal routes coming under the jurisdiction of the new ministry. It seems to us here that it would be a very good thing for us . . . rates both for passengers and freight on this route, where they have no competition, are outrageous. We pay 65 cents minimum for 100 pounds of freight—the rate to Rivers Inlet is only 55 cents. We are roughly 130 miles from Vancouver, and our passenger rate is $6.50—five cents a mile.

I may mention that Rivers Inlet is 280 miles from Vancouver, while the place from

which this man writes is only 120 miles. That is why I contend that some supervision is really required. It would not hurt the steamship companies eventually, because where political or other pull was brought to bear to force them to call at places where they were not justified in calling, they could appeal to the board and get relief, as the railways do now when they propose to close up a railway station or branch line on the ground that it is not profitable or necessary, and of course the people concerned raise an objection.

There is in British Columbia a place known as Howe Sound, no doubt called after some famous ancestor of the minister. Surely he will do the right thing by a place that has been named after his family. I think it was called after one of the captains or admirals on Vancouver's ships when they came to the Pacific coast. It is no longer in the district I represent, but at one time I did represent it. It is a place where there is a number of seaside resorts. A shipping company owned one of those resorts, and if you travelled on that line it is wonderful how easy and convenient it was to get off at that particular resort and how much more difficult it was to get off at a resort which was not owned by that company. I have even known a situation where the captain of the boat had an interest in a seaside resort. Again it was wonderful how much easier it was to get off at the right time and so on, at that place in which he had the interest, as compared with any other places.

I do not know what the situation is now, because that was a number of years ago, but I contend that there is ample reason for some provision of the kind I suggest. If the bill is not needed, as these people allege, no harm will be done, but it seems to be a case of the wicked fleeing when no man pursueth. If the thing is all right and needs no adjustment, no one will be any the worse off; but I say there is need for it and I do not know why the minister left that provision out of this bill. I am fairly certain that it was in the bill which was introduced in another place last year. Possibly, because of the difficulty of getting it through under adverse conditions, the minister has abandoned it. I will not say he has sold us down the river, but he seems to have abandoned that phase of his bill. I hope he will consider that point, because without it the bill is worth nothing to us. It is badly needed. It will not do any harm, and if we have a clause, as we have to-day in section 358 of the Railway Act, which makes it apply on the Pacific coast to the Canadian Pacific railway because they own a railway, is it not fair that it shall apply to other competing companies which do not happen to own railways? It seems to me the logic is unanswerable. I wish the minister would consider that point before the bill goes to committee, to see if he could not do something along the lines I have indicated.

Mr. R. E. FINN (Halifax): Mr. Speaker, before this bill proceeds further, I should like to point out with all due deference to the Minister of Transport (Mr. Howe) that it would have been far better to repeal the Railway Act of 1919 and draw up a new act, because there is going to be a conflict between that act and this bill if it passes this house and the senate and receives the assent of His Excellency the Governor General.

The cardinal principle laid down in the Railway Act is that there shall be no discrimination. Under this act there may be discrimination, because the railway commission is empowered to permit shippers and those who transport goods either by rail or water to enter into agreements as to charges for a period of one year, or for a greater period. Therefore that rate may be different from the rates ordinarily laid down, and there would be an undue preference or discrimination which is not permitted under the Railway Act. That is the first objection I have to this bill. I believe there is going to be a conflict, because this legislation is to be administered by the railway commission, and is subject to the Railway Act. When you merge the two measures and the Railway Act is the one which controls, then any provisions of this measure which are in conflict with the Railway Act go by the board. That is quite clear.

One of the first provisions of this bill is that a licence shall be granted. Under the Railway Act there is no such thing as a licence. A transportation company has a right to transport goods. If it is an incorporated railway company it has a right to transport goods by rail. But the railway board fixes the rates, and if they are discriminatory or unfair or undue they go by the board. Under this bill, however, there is a licence granted by the transport commission. For instance, some of the things to be dealt with here are pulpwood, poles and logs, liquids, coal and coke, sandstone and gravel, ores and minerals, crude, screened, sized, refined or concentrated but not otherwise processed—

Mr. BENNETT: The act does not apply to those.

Mr. FINN: Which act?

Mr. BENNETT: This one.

Mr. FINN: With all deference to the right hon. leader of the opposition (Mr. Bennett) I must say that I am reading now from the interpretation clause, which sets out first what a carrier is and what agreed charges are. Under the Railway Act of Canada, because there cannot be agreed charges they may be discriminatory. Under the Railway Act of 1919 they cannot be. The next thing is the definition of a "carrier" and a "shipper". Then there is the definition of "aircraft". Then follows a definition of "board", "carrier" and "goods in bulk". We find that "goods in bulk" is interpreted in this way:

"Goods in bulk" means the following goods laden or freighted in ships and not bundled or enclosed in bags, bales, boxes, cases, casks, crates or any other container:
Grain,
Ores and minerals (crude, screened, sized, refined or concentrated, but not otherwise processed),
Sand, stone and gravel,
Coal and coke,
Liquids,
Pulpwood, poles and logs.

And that is all. Those are the definitions of the articles to which this bill applies. When the minister says the bill does not deal with these matters, then why does the interpretation clause deal with them?

Mr. HOWE: Goods in bulk are excluded from the provisions of the bill. It does not apply to goods in bulk, which are the commodities in the list he has read.

Mr. BENNETT: That is the definition.

Mr. FINN: That may be so, but the point I am attempting to make—I hope I will make it clear—is that under the Railway Act of 1919 there cannot be unjust discrimination in freight rates or tolls.

Under this measure the railway commission must accept agreements entered into by a shipper with a transportation company. Those agreements may be for a year or for two years or, as the song goes, "It may be forever." If that is so, and if it is in conflict with the provisions of the Railway Act; if it is discriminatory and unjust, and gives undue preference, then I ask, Which is to prevail—this measure or the Railway Act of 1919? Probably the Minister of Transport would clear that up, so that the premise on which I am basing my observations may be clear. If he does that I shall proceed to another section. First, however, I should like an explanation from the minister.

Mr. SPEAKER: I would remind the hon. member that the house is not in committee. We are discussing the principle of a bill on the motion for second reading, and he should limit his observations to a discussion of the principle.

Mr. FINN: Mr. Speaker, that is the first time I have heard the ruling that on the second reading of a bill the widest possible scope is not given to discuss every phase of it. I am simply asking the minister a question, and his answer will be helpful in order to enable me more intelligently to deal with the bill. That answer I should like him to give, and I shall sit down while he gives it.

Mr. HOWE: If I explain that, then I must make a speech; if I make a speech, I close the debate.

Mr. FINN: Then, all I would say, if that is the answer of the minister, is that this bill ought to be closed for good and ever. It should not be further continued unless the Minister of Transport is prepared to answer a fair question, or to have his deputies here, who may be more fully acquainted with the measure. He cannot possibly know very much about it, because he has so many departments he cannot be proficient in all of them.

Mr. SPEAKER: Order. I think the hon. member might ask his questions in committee of the whole. All he is saying could be said in committee.

Mr. FINN: Mr. Speaker, I prefer to make my statements here, and under the rules of the house on second reading I have a perfect right to discuss a bill clause by clause, and to ask the minister who has presented the bill to give an explanation. If he is not prepared to do so, then I think he should move the adjournment of the debate on second reading.

Some hon. MEMBERS: Order.

Mr. MACKENZIE KING: You move it.

Mr. FINN: On the advice of the right hon. the Prime Minister, I move the adjournment of the debate.

Motion agreed to and debate adjourned.

SEED GRAIN

GUARANTEE OF LOANS FOR PURCHASE OF SEED AND OTHER ASSISTANCE IN SEEDING OPERATIONS IN WESTERN PROVINCES

On the order:

Consideration in committee of the following proposed resolution:

That it is expedient to introduce a measure to authorize the guarantee by the government of Canada of principal and interest of loans made by chartered banks and guaranteed by the provinces of Alberta and Saskatchewan,

respectively, for the purchase of seed grain and for providing other assistance to farmers in connection with seeding operations during the spring of 1938; the liability of the government of Canada in respect of such guarantees not to exceed in the aggregate the sum of $1,900,000 in respect of Alberta and $13,500,000 in respect of Saskatchewan.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, I have asked that this item be called in order that I may ask that it be discharged. There is an error in the resolution, and I desire therefore to have it discharged in order that I may bring in a notice in the proper form with a resolution properly drawn, and indicating the proper sums of money, preceded of course by another message.

Order discharged.

ELECTRIC POWER

SUPPLEMENTARY CORRESPONDENCE BETWEEN CANADIAN AND UNITED STATES GOVERNMENTS CONCERNING WATER DIVERSION

Right Hon. W. L. MACKENZIE KING (Prime Minister): On January 27, 1938, the Canadian government, through the agency of the Canadian minister to the United States, addressed a note to the United States government regarding the project of the Ontario government and the Hydro-Electric Power Commission to divert water from the Kenogami river into lake Superior, this note being included in the white paper tabled on February 28, 1938. The reply of the United States government has now been received in the form of a note dated March 17, 1938, from their Secretary of State to the Canadian minister in Washington.

At the same time there has been received a memorandum also dated March 17, 1938, from the United States Department of State, stating the views of the United States government on the importation of hydro-electric power from Canada, and allied questions. Both notes, and the memorandum, were delivered to the Canadian minister on March 18.

I beg leave to table copies of the communications from the United States government, as well as a copy of a letter of March 21 from the Prime Minister of Canada, to the premier of Ontario in this connection. The correspondence being tabled is being printed in a supplement to the white paper tabled in the House of Commons on February 28. It is expected that copies of this supplement to the white paper will be available for distribution to members of parliament by noon to-morrow. The correspondence is being translated at the present time, and it is expected that the French text of the supplement will be available on Wednesday.

On motion of Mr. Mackenzie King, the house adjourned at 10.50 p.m.

Tuesday, March 22, 1938

The house met at three o'clock.

SHOP CARDS REGISTRATION

QUESTION OF VALIDITY OF BILL NO. 22, PROVIDING FOR REGISTRATION OF DISTINCTIVE CARDS OF LABOUR UNIONS AND PREVENTING UNAUTHORIZED USE

On the orders of the day:

Hon. C. H. CAHAN (St. Lawrence-St. George): May I ask the Minister of Justice (Mr. Lapointe) whether he has yet obtained the opinion of the officers of his department with regard to Bill No. 22, an act respecting the registration of shop cards by labour unions, as to whether the proposed act is intra vires of the parliament of Canada?

Right Hon. ERNEST LAPOINTE (Minister of Justice): Yes, I have, and I am going to hand the document over to my hon. friend the Secretary of State (Mr. Rinfret).

Mr. CAHAN: Has the minister any objection to telling us the purport of it?

Mr. LAPOINTE (Quebec East): The opinion is that the act is valid.

DUTCH ONIONS

REQUEST FOR IMPOSITION OF DUMPING DUTY ON IMPORTATIONS

On the orders of the day:

Mr. F. C. BETTS (London): I should like to ask the Minister of National Revenue (Mr. Ilsley) a question of which I gave him notice a few minutes ago by telephone, not having had an opportunity to advise him earlier.

The American market is flooded at the present time with Dutch sets of onions which are being offered in this country at a cent and a half a pound. The cost in Canada is six cents a pound. I would ask the minister whether, having regard to the fact that this particular crop has a value in western Ontario alone of some $200,000, the government is

prepared to impose the dumping duty, as was done in 1931, by adding four and a half cents a pound to the invoice cost?

Hon. J. L. ILSLEY (Minister of National Revenue): An application somewhat similar to my hon. friend's request was made by the Canadian Seed Trade Association very recently and I can only say to my hon. friend, what was said to them, that the department has asked the Department of Agriculture for a report as to surplus stocks now in Canada. When that information is received the application will be given consideration.

Mr. BETTS: May I ask another question turning upon the last one. Does the minister appreciate that this is a matter in which very speedy action will have to be taken if any result is to be achieved?

Some hon. MEMBERS: Order.

POWELL AND UNWIN CASES

RELEASE OF J. H. UNWIN—QUESTION AS TO CONSIDERATION OF CASE OF G. F. POWELL

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): Many hon. members of this house and hundreds of thousands of Canadians outside rejoiced last evening when it was announced that at six o'clock Mr. J. H. Unwin was released from the penitentiary. The department's delicacy in choosing a time after the polls were closed and before the results could be known was noted and appreciated. I beg the minister's permission to bring to his notice the name of G. F. Powell, who was a fellow sufferer with Mr. Unwin, and to point out that Mr. Powell is a British subject, a citizen of Great Britain, our motherland; that he is here upon the invitation of the people of the British province called Alberta; that his record prior to his coming to Canada was without blemish, and that his freedom is much desired by millions both here and overseas. I respectfully ask the Minister of Justice (Mr. Lapointe) if he could give us some encouragement touching the case of Mr. Powell.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, the case of Mr. Powell will of course be dealt with on its merits, and independently of the case of Mr. Unwin. As my hon. friend knows, his sentence was for a longer period, six months, while the sentence on Mr. Unwin, by the same judge, was for three months. I may assure my hon. friend, however, that all his representations are being fully considered. I should like if possible to meet his views, but of course any action taken must in the first place serve the ends of justice.

MARIEVAL, SASK., HALFBREEDS

DISTRESS OF PEOPLE IN DISTRICT NORTH OF BROADVIEW AND TRIBUTARY TO CROOKED LAKE INDIAN RESERVE

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): I should like to direct a question to the Minister of Mines and Resources (Mr. Crerar). It is based on a report that I have received setting out the unfortunate situation facing the halfbreeds of the Marieval district north of Broadview and tributary to the Crooked Lake reserve. The report states that these people have no land and no prospect of employment. Such relief as they have been receiving will be cut off at the end of March, and they claim that they are now facing starvation. Has the minister been made acquainted with this situation, and will he have an investigation made and action taken?

Hon. T. A. CRERAR (Minister of Mines and Resources): I have no information on the question which the hon. member has raised. I might remind him that the halfbreeds are not a responsibility of the federal government. They are wholly separate from and outside the federal government's obligation to Indians, and are in the same category as any other class of citizens who may be in need.

JAPANESE IMMIGRATION

QUESTION AS TO PERSONNEL OF INTERDEPARTMENTAL COMMITTEE

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): Might I ask a question of the Prime Minister (Mr. Mackenzie King)? I am sorry I have not under my hand the appropriate Hansard, but no doubt the matter is within his knowledge. Some weeks ago, in answer to a question from, I think, the hon. member for Vancouver South (Mr. Green) he announced the setting up of two bodies, one a board of review and the other a committee, in connection with the oriental situation in British Columbia. We have had an announcement of the personnel of the British Columbia body. I should like to ask now whether the Prime Minister can give us the names of what I think he called the interdepartmental committee that was to be appointed here, and whether he can tell us when they will be appointed.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The interdepartmental com-

mittee was appointed some time ago, in fact before the board of review, as it is termed, was appointed. It is composed of officials of different departments of the government. I may happen to miss one or two in enumerating them, but as I recall at the moment there is on the board a member of each of the following departments: External Affairs, Mines and Resources, National Revenue, National Defence, Justice, Labour, Trade and Commerce. The gentlemen who represent these different departments are officers of the departments who are most familiar with the questions which the interdepartmental committee has to consider.

Mr. NEILL: The Prime Minister is not prepared to give their names?

Mr. MACKENZIE KING: If my hon. friend had told me he was going to ask this question I should have been very pleased to give the names. I shall do so to-morrow, if that is his wish.

ELECTRIC POWER

TRANSFER TO PARLIAMENT OF CONTROL OF EXPORT EXCEPT IN INTERNATIONAL EMERGENCY

The house resumed from Thursday, March 17, consideration in committee of Bill No. 21, to amend the Electricity and Fluid Exportation Act—Mr. Mackenzie King—Sir Eugène Fiset in the chair.

Section 3 agreed to.

On section 4—On export of power.

Mr. LAPOINTE (Quebec East) moved:

That section 4 be amended by adding the following subsection:

(4) Every such private act shall, unless it is otherwise expressly provided therein, be read and construed as including provisions that,

(a) the quantity of power to be exported thereunder shall, notwithstanding any provision therein fixing the quantity of power to be exported, be always limited to the surplus power in excess of that required for distribution for use in Canada;

(b) the power exported shall not be sold outside of Canada at a price less than the price of power produced and sold under substantially similar conditions for use in Canada;

(c) the said private act may be repealed by proclamation of the governor in council, at any time, upon such notice as the governor in council shall prescribe, or, if the governor in council is satisfied that the conditions imposed by paragraph (a) or (b) of this subsection are not being complied with, without notice.

Mr. BENNETT: All licences for the export of power granted prior to the passing of this bill will expire each year on March 31, whereas power which might be disposed of under a private act would be for a term fixed by the private act. I should think that in all conscience this bill should provide that every private bill shall be subject to the control which we now exercise, namely, that the licence shall expire on the thirty-first day of March. The private bill should be based upon the same principle as that which has governed us heretofore in granting such permission to export power. The other evening the Prime Minister brought forward the Canadian Power Company case as indicating a licence to export power. I confess that at that moment I was not aware of the fact that this was the present Ontario Power Company, but that private act did not contain in any part of it a provision for the export of power. It merely provided that they could carry the wires across the bridge and connect them up; in no place in that act did it say that any power was to be exported. So far as I have been able to find out, nowhere in the Canadian statutes is there any private act that authorizes the export of power.

In support of that position all you have to do is look at the white book, where you will see that this very company has had to take out its annual licence, and the footnote indicates that the rights of the old Canadian Power Company under chapter 120 of the statutes of 1887 were acquired by the Ontario Power Company, the rights of that company in turn being acquired by the hydro-electric commission. As I say, the provisions of that statute did not contain a single reference to the export of power, but they did contemplate the connecting up of the Canadian company with the American company, and it provided that they might make an arrangement to work the said electric light or other power jointly. But they were very careful not to say anything about the export of power.

Should we not maintain a measure of uniformity in connection with this matter? Here are the licences for the export of power, at pages 97 and 98 of the white book. Those licences, as I say, are allowed to run for only a year and expire, I repeat, on March 31, as I understand it. But they are renewable in the terms of the licences, in the absence of any understanding or event that might make it undesirable so to do. I put this point to the Minister of Justice. Yesterday the United States declared that they do not desire to import power from Canada. That relieves this situation very greatly. So far as this bill is concerned it can have no bearing in relation to the United States, and I do not know of any other country to which we would export power. Under the circum-

stances is it desirable to have one statute under which licences expire on the 31st day of March in each year and, assuming that conditions changed, another set of exports or sales in connection with which the term is fixed by private acts? I think not. I strenuously object to the export of a part of Canada being provided for in a private act brought in by a private member. The very theory itself is contrary to our system of government; that is, that a private member should introduce a private act by petition under which a part of this dominion may be exported out of this country, fixing in the terms of his bill—not the general act—the provision as to how long this is to be done.

Mr. LAPOINTE (Quebec East): It is parliament that does that.

Mr. BENNETT: Of course parliament passes every private act.

Mr. LAPOINTE (Quebec East): It is not a private member who will decide on that.

Mr. BENNETT: But the private member introduces the measure and indicates to the house his idea as to what should be done; and that bill, as it is presented to the house, necessarily will contain a statement as to the period of time during which that power can be exported. If it is important that we should have these other provisions in what you might call a regulated plan, then is it not more important still that we should have a period of time fixed within which these exports can be carried on, especially having regard to the observations made by the utilities board of New York, and the order in council passed in 1914 against the acquisition of vested rights in connection with any such exports? It may be purely academic now in view of the dispatch from the United States, but obviously should not the standard be set in the enabling statute and not in the private act?

I mention that because, I repeat, in the act as it will leave this house we shall have provided that the sales now authorized shall be renewed only from year to year, unless, in view of the dispatch from the United States indicating that they do not desire to import power from Canada, these licences will not be renewed. In any case it is distinctly provided that there is no acquisition of a right by reason of the licences now in existence. I say this in no contentious or controversial sense, but I do think that in order to prevent the possibility of a vested right being acquired under any private act fixing a period of time during which power may be exported, it would be desirable in the enabling statute, if I might call this such, not only to provide what we have provided with respect to surplus power, the price at which it can be sold, and the punishment or penalty or sanction, if I may use the word, for disregard of the terms of the private act—loss of the right to export; we should do also what we do in the Bank Act or the Railway Act or the Trust Companies Act or any of the other acts which deal with the essential point of the period of time, and indicate in the standard enabling act, which this will now become, the period during which the export could take place. For, as I say, on the one hand we will have a licence and on the other a private act, both authorizing the export of power. One will be for the term fixed by the private act and the other will be for the term fixed by the enabling statute, which makes it clear beyond peradventure that no vested rights are being acquired and that on the 31st day of March in each year there must be a termination of the right to export; and that a new right arises only as it is confirmed by the renewal of the licence, or, in the case of a private act, as might be thought desirable by reason of there being no controversy as to surplus power or price or as to the performance by the selling company of all the obligations placed upon it by the statute.

Mr. LAPOINTE (Quebec East): Of course the suggestions made by my right hon. friend relate rather to a question of policy. I may say that the three alternatives have been considered in the preparation of the bill, namely the one which is now before the house, leaving it to parliament to fix the number of years during which this permission to export will be granted, but with subsection (c) of section 4, which allows the governor in council to repeal it at any time.

Mr. BENNETT: Upon giving notice.

Mr. LAPOINTE (Quebec East): Upon giving notice, because of course private interests may be affected, and it is only fair that notice should be given.

Mr. BENNETT: There is no objection to that.

Mr. LAPOINTE (Quebec East): But if a repeal is being made because of the failure of the grantees to act according to the provisions of the bill, then it will be without notice—namely, if it exports power which is not surplus power, or if it charges a lower price in a foreign country than is charged to a Canadian consumer.

Perhaps I should read subsection (c) again:

> The said private act may be repealed by proclamation of the governor in council at any time upon such notice as the governor in

council shall prescribe, or, if the governor in council is satisfied that the conditions imposed by paragraph (a) or (b)—

That is, the surplus of power and the price to be charged—

—of this subsection are not being complied with, without notice.

As it is, we leave to parliament the discretion as to the number of years during which the bill will be in force.

Then we considered another alternative, which would have been adding another paragraph, namely paragraph (d), in these words:

Subject to the provisions of paragraph (c) in this subsection—

The one I have just read—

—the said private act shall remain in force for a period of five years from the date of the commencement thereof.

This would have fixed the time limit. After five years the law would have disappeared altogether. Then we considered another alternative, the one which my right hon. friend opposite seems to favour—if I may have his attention.

Mr. BENNETT: I am listening carefully.

Mr. LAPOINTE (Quebec East): It would be paragraph (d) and in these words:

Subject to the provisions of paragraph (c) of this subsection the said private act shall remain in force for a period of one year from the date of the commencement thereof, but may be extended from year to year by proclamation of the governor in council for four yearly periods of one year each, but not so that the said act shall in any case remain in force for more than five years from the date of the commencement thereof.

There again it would be limited to five years, renewable by proclamation every year. But as I have said, this is rather a question of policy. I must say—and I think I am right in saying this—that the government is not linked with any one of those methods, and if the committee favours the suggestion of my right hon. friend opposite I think we would be quite willing to require the new proclamation every year to keep the act in force for a certain number of years.

Mr. BENNETT: The white book indicates that in 1907 licences were issued to the Canadian Niagara Power Company of Niagara Falls, Ontario. It is stated that the transmission line crosses the boundary at or near Fort Erie and Niagara Falls, Ontario, the licence for firm power starting in 1908 with 39,165 kilowatts and rising to 45,000 kilowatts in 1938. Then there is a note which says:

These companies were under the control of the electric power controller for these years, and licences were not issued by this department. The amounts shown are those recommended by the power controller.

Then for the same company, and with the same statement as to transmission line, dealing with surplus returnable on demand, the licence was issued in 1925, eighteen years later, and began to operate in 1926 with 20,000 kilowatts.

Then we turn to page 98, and we find mention of the Ontario Power Company of Niagara Falls, Ontario. It is stated that the transmission line crossed the boundary at or near Niagara Falls, Ontario. The date of the original licence was November 9, 1907. That was for firm power, beginning with 45,000 kilowatts, and is still for that amount, although at one time it rose to 60,000 kilowatts, and then fell to 37,300 kilowatts in two years. Note (a) is as follows:

This company was under the control of the electric power controller for these years and licence was not issued by this department.

That was during the period of the war, in the years 1918 and 1919. Then, note (b) states:

The Electrical Development Company and The Ontario Power Company were purchased by the Hydro-Electric Power Commission, and a licence equal to the sum of the licences of these two companies was obtained by the Hydro-Electric Power Commission.

That is one for 80,000 kilowatts, the first licence having been issued in 1925. It has now, in 1938, fallen to 45,000 kilowatts, and the Hydro-Electric Power Commission of Ontario, at another spot near Queenston, has the right this year to export 80,000 kilowatts.

These are the two relevant licences in the province of Ontario. Of course, there is a licence in New Brunswick for 2,500 kilowatts; there is another one for 2,500 kilowatts, and there is one in Ontario, at Fort Frances, for 5,500 kilowatts. The point I should like to make is that under the terms of licences the hydro commission now has, it can export its power only for one year, the licence expiring on the 31st day of March in each year. There is no right of renewal, qua right, but it is renewed if the power is not required, and the company has conformed to all the requirements of the department.

Now comes the next point: If you grant a licence for five years, not stating how to divide it up, you have created a vested right, unless you add another paragraph, such as I suggested the other day, that no renewal of licence or any other act shall create a vested interest under this act. That, I believe, is important in view of what was said—and even

in the dispatch which we had yesterday, there was the same thing. What are the grounds upon which the Secretary of State of the United States has placed his refusal? He says: "We do not desire to import power into the United States". First of all he refers to the protection of his power market. That is number one. Then, as number two, he refers to the undesirability of importing power from a foreign country, and thirdly, he casually mentioned the question of defence. On those three grounds the matter is put, and the opinion of Attorney General McReynolds is used as a basis, since the repeal of the Burton Act.

Now we are going to have the same hydro-electric commission apply for a private act in this parliament?—for they are the only applicants at the present time for the export of power. That private act may contain a provision for a term of years. But the licences they will have at Queenston and Niagara Falls will expire on the 31st day of March in each year, so that no vested right can arise, we have made it so clear as to be beyond the possibility of doubt. If, however, we pursue the course suggested in connection with a private act, what we have done—whatever language we may use, if we use a term of years at all, unless we negative it by express language—is to create a vested right.

Mr. LAPOINTE (Quebec East): In favour of whom?

Mr. BENNETT: In favour of the hydro-electric commission.

Mr. EULER: We reserve the right to cancel at the end of another year.

Mr. BENNETT: The Minister of Trade and Commerce (Mr. Euler) grasps at once the point I am desiring to make, that is, that the licence has to be uniform. The private act, which is a licence, should conform, so far as uniformity is concerned, to the licence which is being maintained by this statute. Remember, this statute maintains the licence feature. There must be no misunderstanding about that. The language of the section was redrawn the other evening to make it clearer. At Queenston there is the question of 80,000 kilowatts and at Niagara Falls, 45,000 kilowatts; in both cases the licences expire on March 31 of each year. But you have another licence in the form of a private act, so called, which authorizes the export, we will say for the sake of argument, of 50,000 kilowatts over a period of years. That is a creation of a vested right. In order that there may be uniformity we should see that the right to export power under this private act shall expire on March 31 in each year, but may be renewed, by the governor in council if you like, from year to year, just as the main act now says with respect to Queenston and Niagara Falls power.

We would thus have uniformity at Fort Frances, in Maine, at Niagara Falls and at Kingston. All would be in the same position. We now have the anomaly of having a private act authorizing for a period the export of power from this country without having the safeguards that are established by the general statute. I am not saying this in any captious sense, because so far as I am concerned the matter is of complete indifference. I am putting it forward in the public interest. There should be uniformity, and the Minister of Justice has indicated that two or three alternatives were considered. All I suggest is that you combine the three of them. First, you would provide for no period at all. The private act should make it clear that no period is being contemplated, the same as is now the case with Niagara Falls power. Remember we are dealing with exactly the same people. The only applicants we have before us are those who have the licence for the power at Queenston and Niagara Falls. Let us give them their licences in the same terms. They have not complained; they have been satisfied.

Then there are the two provisions that have been added, namely, one with respect to surplus power and price, which I think is admirable, and one with respect to the right to repeal the statute by proclamation. That is such a vast extension of the power of the governor in council that I could hardly see my learned and right hon. friend, the Minister of Justice, make the statement without choking, having regard to his attitude in times past with respect to the abuse of power by the governor in council.

Mr. LAPOINTE (Quebec East): We have it already.

Mr. BENNETT: It was against that that the Prime Minister the other day quoted the authority of Sir Robert Borden and others to the effect that it was a terrible thing to contemplate the possibility of the governor in council doing it.

Mr. LAPOINTE (Quebec East): We have too much power now.

Mr. BENNETT: We are suggesting that it might be dealt with in this way. In any system of responsible government some power must be given to the executive to deal with certain phases of the matter. I think you could meet the situation with a combination of the three. First, provide that any

authority to export power under any private act shall expire on March 31 in each year. Second, such right may be renewed from year to year, just as we have it in the principal statute. Third, nothing in this contained shall confer any right. All these the minister has in his mind in the provisions he has added. There is not one suggestion not contained in the combination of his three. If you combine the three of them, everything is there. Possibly I am a little stronger on the question of the acquisition of a vested right and the exact language, but if you combine the three I submit you have everything. It is in the public interest to maintain uniformity in all grants to export, whether they be for the company at Queenston, which is the same company, or the one at Niagara Falls or here.

That is the point I desired to make. I do not know whether I have made it plain, but I wanted to clear up beyond any peradventure the statement to which reference was made the other evening, that the Canadian Power Company statute does confer any right to export. On the contrary, it does not. What is more, they had to take out a licence and they have taken out a licence. The statute changing the name to the Ontario Power Company was chapter 105 of 1899, and that company was acquired by the hydro electric commission. The commission has taken out a licence from year to year. That is all I desire to say. Perhaps I could crystallize it into a really clear statement, but I think the point is quite apparent to the Minister of Justice.

Mr. STEWART: The record shows clearly that notwithstanding the fact that licences have been issued annually, and that they contain restrictions and provisions for cancellation, after having been in force for years, there has grown up in the United States the contention, notwithstanding all this, that vested rights may be acquired. If we pass an act of parliament and say that power may be exported for five years instead of one, surely we will be giving that contention just five times the weight which it has under the existing statute. That is the serious matter in this whole proposition. We should guard in every way against the possibility of the contention arising that there is a vested right. This should be done to prevent any international difficulty. It does seem to me that uniformity should exist in connection with these licences, and the course outlined by my leader provides for this. It would not require much change in the drafting of the amendment to secure this result, and I think it is most desirable.

Mr. SLAGHT: Mr. Chairman, I should like to discuss the provisions of this section very shortly before it is passed and call to the attention of the committee some matters which I think will be helpful in determining in just what way we should leave section 4, when viewed in the light of the amendments and the original draft.

Hon. members will recall that the section provides, first, that in future power exportation can be had only by an applicant coming to parliament with a private bill instead of as heretofore; second, that there must accompany the application an order in council from the exporting province—in the case of the hydro commission it would be Ontario—and where the power is generated wholly or in part in another province, there shall be also an order in council from the generating province. It is the intention of this amendment, I think quite properly, to see to it that both such provinces shall first express their approval of authorization to any private person, corporation or public utility to export power. I desire to align myself with the idea put forward by the leader of the opposition, (Mr. Bennett) namely, that we should provide if possible that, once by private act parliament has authorized a new and further export of power, thereafter there should be power by annual licence to continue and renew the export which parliament has once approved. It would be folly to ask any proposed exporter to come back year by year to parliament for a private bill to continue exportation. The proposed amendment sees fit to preserve by order in council the right to renew all existing licences. I venture to suggest that the existing licences when originally issued were not examined as to their possibilities for good or evil with anything like the pains that any application for a right to export power, coming forward by way of private bill, would now receive. As I understood the suggestion of the leader of the opposition, it was that after parliament had warranted an exportation, and only for one year, thereafter such exportation shall be in the same plight as the licences at present existing.

Mr. BENNETT: That is my suggestion.

Mr. SLAGHT: Personally I am fully in accord with that.

In view of the communications received yesterday and the great bearing they have on the matter before the house it is necessary to look a little more closely into the provisions of section 4. The views of the president of the United States on a subject of international importance such as the export of power should

receive from us in this parliament the utmost consideration and respect. To my mind we should so treat the position that he takes—knowing, as he says, that in the form of the bill now before us the matter was under consideration by this parliament, which means that he has undoubtedly studied or had reported to him the purport of our bill and the debate which has taken place in the last two weeks, with the observations of the learned gentleman opposite, as to which I shall have a word to say in a moment. Having confided to us his reasons of state for indicating that he would not permit the importation of power regardless of whether we in this country authorized its export, I say that those observations and those reasons must receive the utmost consideration from this parliament.

May I be permitted a personal word which, I believe, has a bearing and will assist in the solution of the problem as to what we should do with section 4 and the appropriate other sections that follow? It is this. The president of the United States, and the secretary of state, Mr. Cordell Hull, who join in the communications received and tabled last night, are in my humble opinion the best friends that Canada has in the United States of America. I believe the history of the last six months has shown to anyone who has followed it that their policy of the good neighbour and of good-will towards this country—and I will not pause here to review the various incidents, such as the visit of Lord Tweedsmuir to Washington, the visit of Mr. Cordell Hull to Ottawa and Toronto, the Chicago speech of the president, and all the history of the last six months, in which the Prime Minister of Canada has played no unimportant part—these things have done more to cement in this critical time the friendly relationships between Great Britain and the commonwealth of nations in the British Empire and the Unites States of America than any series of incidents since confederation. That perhaps is an added reason why we should deal most carefully with legislation for the export of power.

Since the first application early in January by the hydro commission of Ontario, backed as it was by the premier of Ontario, for leave to export power, there has been a deliberate and organized effort by the Conservative party of Ontario and the Conservative federal party to kill the application. Why do I make that observation? An hon. member suggests that he is of easy mind now; the matter has no significance, and so on. But the hon. member for Dufferin-Simcoe (Mr. Rowe), who I am very sorry to observe is not here to-day, and who is the remote-control and absentee-leader of the Ontario Conservative party, opened the attack upon the hydro application for the export of power in a speech which he made to the Parkdale Women's Conservative Association in Toronto on the evening of January 19 last, some two months ago. He vigorously denounced the hydro application which had been lately made for the export of power, and gave reasons for his opposition; and he has been consistent in his denunciation ever since. Whether the ladies of the Parkdale Women's Conservative Association fully appreciated the effect of his denunciation it is not for me to suggest.

Then we have the leader of the opposition making, in his speech several weeks ago on the address in reply, another bitter and perhaps back-handed attack upon the export of surplus power by the hydro commission. The absentee leader of the Ontario party, the hon. member for Dufferin-Simcoe, followed it up in a speech in Lambton during the present by-election, on March 7. If he is correctly reported, he again condemned hydro in their application for the export of power and made certain very choice and delicate observations with regard to the premier of Ontario and his entire cabinet because they favoured the export of power. Hon. members had the opportunity of listening the other day to a very refined and eloquent speech by the hon. member for Dufferin-Simcoe. It was something like the Lambton speech but not quite so loose-tongued as his platform utterances, because, if correctly reported, in his Petrolia speech of March 7 he said of the Ontario general election last October 6:

> I have lost too many heats in horse races to make apologies. We did not have speed enough to keep up with that caravan of racketeers, but there is another day coming.

In other words, the premier of Ontario, who dared to export 110,000 horsepower of surplus power, power that would otherwise run over the dam, is the leader and head of a caravan of racketeers. I am afraid the hon. gentleman forgets that very recently the people of the province had an opportunity to choose between his distinguished self and him whom he indicts as the head of a caravan of racketeers—and they chose the latter by an overwhelming majority. However, I must not get away from my subject.

Miss MACPHAIL: Electors sometimes make mistakes.

Mr. SLAGHT: The hon. member is quite right; I believe the electors made a great mistake in 1930, for instance, if the hon. member will cast her mind back to that year.

But let me continue. After we had this, as I term it, deliberate cabal between the party in Ontario or the remnants of it and the gallant little band of thirty-eight comprising the federal Conservative party, what further evidence is there that they made up their minds to kill the application of the hydro from Ontario?

Mr. HEAPS: Were there any Liberals who opposed the deal?

Mr. SLAGHT: I have not yet heard of any Liberals who would be opposed to the deal, but there may be. Perhaps the hon. member has information that I am not possessed of.

Miss MACPHAIL: Are there any Liberals having anything to do with the export of power?

Mr. SLAGHT: Yes, madam.

Some hon. MEMBERS. Oh, oh.

Mr. SLAGHT: The hon. member will pardon me; I did not say that in any light vein. But answering the hon. member, if the question has any application, and I do not see that it has, I understand her to invite me to state whether any Liberals had anything to do with the export of power.

Miss MACPHAIL: But don't go back to Sir Wilfrid.

Mr. SLAGHT: Perhaps she does not like an illustrious illustration, such as Sir Wilfrid Laurier, who had to do for a long period of years with the export of power under seventeen different licences year after year. The Prime Minister of Canada, in his former governments, also had to do with the export of power year after year; and, if I may complete the idea the hon. member perhaps has in her mind, the Right Hon. Sir Robert Borden in his day, the Right Hon. Arthur Meighen in his regime, and the present leader of the opposition in his five years, all endorsed the principle of the export of surplus power to the United States. The leader of the opposition, the hon. member for Leeds, the former Minister of Trade and Commerce, to whom I have to say a word—I am sorry he is not here to-day—all sat for five years, in which time they issued seventy-five licences for the export of power to the United States. Yet, if you believed what you hear on the hustings, and some of the indictments delivered in the debate on this subject, you would think that the principle of the export of power was something new for this parliament to consider. I wonder what the leader of the opposition was thinking when he voted in council, along with the gentlemen I have named, to license seven different corporations year after year for the export of power. In those five years they exported at least 300,000 horsepower annually, or 1,500,000 horsepower in that period. That is what they exported to the United States. Were they concerned at that time? Did their investigation of those applications lead them to believe that there would be a revolution in the United States if they exported power under these annual licences? Certainly not. We find whipped up for the first time in the last two months, both in the country and in this house, an absolute attack by a cabal, as I put it, against the export of power because, in my humble view, the applicant for the export of power was the young premier of the province of Ontario, who, in the election of 1935, travelled from ocean to ocean and took a prominent part in turning these gentlemen out of office and walking them across the floor to the opposition where they now sit. And for no other reason that I can find in examining their speeches. There was no difference between the proposed hydro application, not a jot of difference, and the seventy-five applications for the export of power which by order in council they approved of.

Mr. BENNETT: One must correct a misstatement. There were no applications granted; there was nothing but the renewal of existing licences.

Mr. SLAGHT: Quite so.

Mr. BENNETT: Let us get it straight.

Mr. SLAGHT: If my right hon. friend believed that the renewal was wrong or evil, that it had all the evils that might attach to his condemnation of this present hydro application, is he the type of man to have renewed the licences? I give him credit for being otherwise. If he believed that they were wrong and ought to be stopped, he would have stopped them. But he did not stop them because he believed that they were proper renewals, that the United States should have the right to buy that power, and that the various provinces of Canada that desired to export surplus power should have the right to exchange it for American dollars.

There has been a good deal of misapprehension about the facts connected with the export of power for thirty years. May I correct one or two of them. We have exported power under twenty-eight different licences for thirty years, consistently and continuously, and increasing up to some ten or twelve years ago when it remained practically stationary. During that thirty years we discontinued the export of power that had been previously

going on under eleven different licences. There was no revolution in the United States when we discontinued that export. There were none of the terrible consequences that hon. members on the other side have portrayed with regard to the hydro applications. No; because it was recognized and has been down to the present time that the export of power from this country should proceed.

In connection with the hydro application, after investigating the matter, I undertook to sponsor the proposal to the extent of having the bill introduced as a private measure when the legislation so required. I looked into it and believed on the facts presented to me that it was proper so to do. Orders in council have been passed by the provinces of Quebec and Ontario reciting solemnly that the power which it is proposed to export is purely surplus power not needed in either of those provinces. The hydro commission of Ontario is a quasi-public body; let me remind hon. gentlemen opposite of that. This is not a case of a private corporation coming forward for gain to fatten the pockets of its shareholders, and seeking to export this power for the purpose. The hydro commission, if you will examine the statute that created it, is the trustee for the municipalities and the people of Ontario, and the commission has no right to make a dollar's worth of profit out of any power that it generates and exports. Its duty is to generate power for the industrial needs of our people.

Miss MACPHAIL: And the agricultural too.

Mr. SLAGHT: I was coming to that. My hon. friend and I are in accord in these matters. Its duty is also to generate power for the agricultural interests of the provinces, interests whom I have the honour to represent in my district of Parry Sound. I am sure my hon. friend will not think that I am forgetting them. We must ask ourselves this question: Who was the applicant? As far as I am concerned, having undertaken, on the facts and the position as it then was, to sponsor and present to parliament for their consideration the application of hydro to export power, after analysing the reasons given by the president of the United States in the white paper given to us this morning, and in view of the definite statement that he does not desire more power imported into the United States, I cannot see that hydro could present in this house at this session in the present state of affairs a private bill applying for the export of power. I think all hon. members will agree with me on that. It would be an act of international discourtesy now for the parliament of Canada to authorize the Ontario Hydro-Electric Power Commission to export 110,000 horsepower to the United States, immediately after reading a most dignified and courteous communication from the president of the United States that in the interests of his country he feels regretfully compelled to say to us that he could not now tolerate any increase in the export of power from Canada to that country. So let that point be made clear.

But I want to deal for a moment with some very vigorous denunciations, intended no doubt for me as the likely sponsor of a private bill, which fell from the lips of hon. members on the other side. It was said to be preposterous that by a private bill any member of parliament should have the right to decide the terms—the hon. member almost said "decide"—under which a private applicant should have the right to export power. Hon. members may not all know that the present head of the Ontario Hydro-Electric Power Commission is Doctor Thomas Hogg, who, I regret to say, is very ill just now. When he was appointed to the chairmanship of that great commission, which has assets of $500,000,000, the press of this country and the right thinking people by almost unanimous acclaim said that Doctor Hogg was a worthy chairman for the Ontario Hydro. He was appointed to office as an engineer for the commission under Sir James Whitney, the leader and colleague of my friend the hon. member for Dufferin-Simcoe of those days. All the higher engineers in the hydro organization—Mr. Jeffries, Mr. Dibblee, and three or four others who have had great engineering problems to deal with for hydro—were appointed by Conservative regimes. Doctor Hogg was elevated to the position of chairman by the Hepburn administration, and the premier of Ontario was commended by practically all members of both political parties for having made a non-political appointment.

Mr. HEAPS: He is a private ownership man, is he not?

Mr. SLAGHT: My hon. friend says so; I would not have thought it. My hon. friend's voice is a voice in the wilderness, the first in or out of the house. Let me point out that the first white paper published makes it clear that that non-political chairman—my friend may call him what he likes as to public ownership or otherwise, although I think it is quite unfair to Doctor Hogg—

Mr. HEAPS: Not in the least.

Mr. SLAGHT: That non-political chairman, in his report to the premier of Ontario,

said that there was an undoubted surplus of power which Ontario could not possibly use and that it was in the interest of the commission and of the two million people in Ontario to obtain permission to export. What should we have thought of a premier or cabinet in Ontario which, their skilled engineers having made that report, did nothing to secure the right to export that surplus power and bring 1,500,000 United States dollars into Canada for power which otherwise would be running over the dam and absolutely wasted?

I have reviewed briefly the vicious attack that was made in an attempt to kill the bill, and I was about to deal with the criticism that a private act is all wrong because there would be a great lobby; and that there was a great lobby behind this bill. The hon. member for Kootenay East (Mr. Stevens) was shocked at the idea of the lobby. As he put it, it was going to be almost irresistible to him; he would hardly be able to hold back. Let me say that since I undertook to sponsor this bill I have not asked a single hon. member amongst my friends on the other side or on this side, not a single member of the House of Commons, either to support or to vote for the hydro bill. One did not need to, because until the receipt of these documents last night the case for the export of power under the private bill which I intended to present was so strong, so impregnable, that in my view no hon. member who had the interest of his country at heart would have dared to refuse his consent.

Mr. THORSON: Will the hon. member speak for himself in that respect?

Mr. SLAGHT: Very well; I accept my hon. friend's suggestion. I am only indicating my view as to the strength of the case for the export of power. I hope the committee did not understand that I had any view as to how my friend might or might not vote when he heard the facts.

Two or three hon. gentlemen on the other side of the house said they were utterly opposed to this export of power by hydro. They did not want to hear the facts, they could prejudge the case. They were "agin it." I should have thought they might have waited to hear the facts presented.

Miss MACPHAIL: Mr. Roosevelt did not wait, did he?

Mr. SLAGHT: Will the hon. member consider what her question implies? Mr. Roosevelt had a very different problem to consider on behalf of his country from that which we have to consider on behalf of Canada in the present application. Surely if the hon. member has read his statement she will realize that he made that very clear. He said he was entirely sympathetic with the desire of the province of Ontario and the Dominion of Canada to seek a market in the United States for surplus power. That is the attitude Mr. Roosevelt took, after learning of the conditions here to such an extent as he did learn them. He made it amply clear that his attitude was based on an entirely different point of view, namely, consideration of the best interests of the United States.

Mr. HEAPS: If the facts regarding the export of power were so irresistible, why did not the government grant the right to export?

Mr. SLAGHT: There is a perfect answer to that, if the committee will permit me to state it. The matter was given some consideration when the hon. member for Leeds (Mr. Stewart) brought forward a bill. It was then determined, not that Canada should never export more power; but the bill passed this house unanimously, and only by accident, I am told, did not pass the senate. I do not know whether my friend was here then; I think that he was not—

Some hon. MEMBERS: Yes.

Mr. SLAGHT: Was his voice raised then in regard to the principle of having parliament deal with the export of power in future rather than continue the principle of having it dealt with by order in council? If he sat silent, as he does now, he gave tacit consent then. If I understand his psychology, had this government accepted either the Montreal Light, Heat & Power application or the subsequent ones from the Cedar Rapids Company or the hydro commission, and dealt with them by order in council, my hon. friend could not have got on his feet quickly enough to indict them for going back on the principle that this house had the sole right of control.

With regard to this bugaboo of a lobby, I think I owe it to the Ontario Hydro to call attention to the fact that they are a quasi-public corporation with no right to spend any money on any lobby. Their accounts are regularly audited. There has been no lobby that I know of for this bill. My friend the leader of the opposition dealt with that matter. I must confess—you may believe it or not—that I do not know the details of lobbies, but I venture to think that the right hon. gentleman does.

Mr. SPENCE: You look innocent.

Mr. SLAGHT: I hope I am not unfair if I suggest that for the many years he sat as a director of the Canadian Pacific Railway Company—

Mr. BENNETT: Entirely mistaken; he was never on the board.

Mr. SLAGHT: Then I withdraw.

Mr. BENNETT: Wrong again.

Mr. SLAGHT: Then as a gentleman who was zealous about the interests of that great corporation in the halls of parliament—

Mr. BENNETT: Then that statement should be withdrawn.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: It is all very well to laugh.

Mr. CAHAN: That statement was entirely untrue.

Mr. BENNETT: I do not hold, nor have I held since 1926 or 1927, any interest, direct or indirect, in any Canadian Pacific security; and I never have, in this house or elsewhere, promoted the interests of that corporation beyond my public duty.

Mr. SLAGHT: Let me accept entirely the statement made by the right hon. gentleman and express regret that I was misinformed as to the facts.

Mr. CAHAN: I rise to a point of order. We have had an address now for a long time, exceeding the forty minutes I think, directed to a hypothetical private bill which the hon. gentleman announces, for the first time as far as I am aware, that he had intended to introduce, and which he states now he will not introduce. That the hon. gentleman intended to introduce a private bill was not known, I fancy, to a very great number on this side of the house. Why, I suggest, should the hon. gentleman be allowed to discuss a private bill which is not in existence, which is not now before the house and which seems to exist only in the imagination of the hon. gentleman?

Mr. SLAGHT: May I direct the hon. gentleman's attention to the fact that in committee I am speaking to section 4 of this bill. That section contains various amendments which have been regarded by nearly every hon. member who has spoken as possibly applicable to an expected private bill from hydro, and I am using the illustration with regard to that expected private bill to be introduced later by hydro only, as a guide to hon. members of this committee in connection with circumstances which may arise next year or the year after. It will provide some light, I hope, which will enable them to bring in now a general bill properly amended.

Before I leave the lobbying matter, Mr. Chairman, I think I have made it clear that this was a bugaboo raised as part of the scheme to kill the hydro bill. The leader of the opposition is very sensitive as to the possibility of some members of the house being affected by a lobby. I do not know whether anybody in bad grace—and certainly if it was done it was behind my back—has offered him a chocolate bar or a glass of ovaltine as an inducement to vote for the bill; or has offered the hon. gentleman who represents Kootenay East a rosy-cheeked Okanagan valley apple or a street car ticket to induce him to vote for the bill. Surely these hon. gentlemen have done a disservice to the whole house and the hon. members of the house by having it go out across Canada that there is a vigorous, vicious, evil lobby. Surely the sergeant at arms should be invoked to throw the lobbyists out of the corridors, if they are there. I submit that the whole thing was a red herring, nothing more and nothing less.

There is one point in regard to which I do not think information has been brought forward by anyone, and which is, and I think will be in the future, an important factor in determining whether or not it is safe to export power. It is in connection with the interruptions of power that have occurred in the past; and I am going to give an example going back only to last year. The power which we have been exporting under these licences, which hon. gentlemen opposite renewed for five years, has been interrupted time and again by mere telephone calls across the river from Niagara Falls, stating that they will have to turn off the power for given periods and for certain quantities. No revolution occurred. I have secured extracts from the log books, and without going into great detail let me tell the committee what they disclose. Seven days were chosen at random, from December 2 to December 9, 1937. I believe that power goes over on Sundays as well as week days. In the fifteenth hour, the thirty-second minute, Queenston No. 4 unit—I am quoting exactly from the log book—at the request of hydro reduced the export of surplus power from 75,000 kilowatts to 31,000 kilowatts for a period of time. On the very same day at another point the Toronto Power Company No. 1 unit, at request, reduced the export from 31,000 kilowatts to 23,000 kilowatts at another point. On the same day the Ontario Power Company No. 1 unit, at the request of the Canadian company, reduced their export from 23,000 kilowatts to 15,000 kilowatts. The Canadian

Niagara company's units Nos. 9 and 10 reduced their export of 15,000 kilowatts to zero. So the record goes. I am not going to read any more of these extracts, but that is what was done when peak loads came along and power was desired both in Canada and the United States. I am credibly informed that the procedure was simply this: the operator on the Canadian side simply called up the purchasers' operator on the United States side and said, "We are sorry; we have to cut off these quantities of power," and they acquiesced. There was no revolution; no army marched across the bridge to turn the power on again.

Mr. EDWARDS: That is hardly a cancellation. It is simply an interruption.

Mr. SLAGHT: I quite appreciate that, and there is a vast difference, I grant my hon. friend, between a cancellation for all time and an interruption. That would take us into a discussion of the five different types of power, and I am sure the committee would not have patience with me if I attempted to go into that. My hon. friend is quite right, however, in calling attention to that point.

Mr. MacNICOL: Would the hon. member give us the selling price per horsepower of the interruptable power that was cut off?

Mr. SLAGHT: I am sorry; I cannot. I could secure that information for my hon. friend in a few hours, I think, if it were pertinent and he desired it. That, however, is the history with regard to that bugaboo that you dare not sell any power across the line because if you had to take it back, either for good or by means of interruptions for a while, relations would be created which should not be brought about.

I had intended to make other observations, Mr. Chairman, but I fancy that I have made clear the view I hold as to the campaign that was put on against this Hydro exportation of power, and the reason for it. With regard to some of the old guard sitting across the house from me I would have expected that, because they bound themselves to that banner of their party of which they were so proud, but of which I hope they are now so ashamed, "No truck or trade with the Yankees." They are running true to form when they desire to prevent the sale of Canadian commodities to what in those days they styled the Yankees. I would not expect anything else from a gentleman whose idea of trading between nations was based not upon a policy of good will, if I am not unfair in putting it that way; not upon a policy of sititng down together and negotiating agreements and contracts, but whose slogan so far as trading with your neighbour was concerned was wrapped up in that celebrated phrase, "Blast Canada's way into the markets of the world."

The ACTING CHAIRMAN (Sir Eugene Fiset): Order. The hon. gentleman's time has expired.

Some hon. MEMBERS: No.

Mr. MACKENZIE KING: We are in committee.

Mr. BENNETT: The time in committee is also forty minutes.

Mr. SLAGHT: I shall be glad to bow to the chairman's ruling.

The ACTING CHAIRMAN (Sir Eugene Fiset): I have allowed forty minutes, even with interruptions.

Mr. RINFRET: There is a rule in committee that every time a question is put to an hon. member, his time commences anew.

Mr. BENNETT: No.

Mr. RINFRET: There has been an exchange of questions.

Some hon. MEMBERS: Go on.

Mr. SLAGHT: I will conclude in a couple of minutes.

Mr. RINFRET: He can speak.

Mr. SLAGHT: I do not wish to go on too long.

Mr. BENNETT: There is no doubt about it: The rule is that a member may speak for forty minutes in committee, but he may resume his speech after someone has spoken in between.

Mr. HEAPS: So long as someone has spoken.

Mr. SLAGHT: I did not catch the observation of the right hon. gentleman.

Mr. MACKENZIE KING: The hon. gentleman is now free to continue; he has the floor.

Mr. BENNETT: The rules in committee are made light of; the Prime Minister must not say that. The rule in committee is that forty minutes is all the time the hon. member may have. I raised a question of order, and the Prime Minister suggests that since I have spoken therefore he could go on and have another forty minutes. That is absurd.

Mr. LAPOINTE (Quebec East): The hon. member for Winnipeg North interjected a few words.

Mr. BENNETT: He asked a question.

Mr. LAPOINTE (Quebec East): And the chairman had to sit down and rise again.

Mr. MACKENZIE KING: Perhaps I may say a few words, and so have the rules complied with.

Mr. BENNETT: No, he will lose the floor then. He loses the floor, and then I might take it.

Mr. MACKENZIE KING: The hon. member may conclude by coming on later.

Mr. BENNETT: Yes, I said that.

Mr. MACKENZIE KING: And I purpose giving him that opportunity.

Mr. BENNETT: That is what I did. A question of order arises. Let us realize—

Mr. MACKENZIE KING: It is not a question of order.

Mr. BENNETT: The rules are made not for one or two but for the whole house. The question of order is that he must not exceed forty minutes. If he exceeds forty minutes he must sit down, and someone else may make a speech. Then he may go on for another forty minutes. The chairman has to catch his eye before that of someone else—probably half a dozen may speak in between. The right hon. gentleman has the same right as anybody else to raise a point of order, but he has not a right to make an address on the other man's speech.

Mr. MACKENZIE KING: It is not a question of order.

Mr. STIRLING: He is still on his feet.

Mr. MACKENZIE KING: I think he is sitting down.

Mr. STIRLING: He tried to be.

Mr. BENNETT: He cannot go on now, necessarily.

Mr. MACKENZIE KING: Does my right hon. friend say he cannot go on?

Mr. BENNETT: I say he cannot go on, after the chairman has called his attention to the fact that his forty minutes are up.

Mr. MACKENZIE KING: No; I am going on, at the present time.

Mr. BENNETT: And the hon. gentleman has to take his seat, which he has just done.

Mr. MACKENZIE KING: What I wish to say—and had intended to say before the hon. member for Parry Sound started to speak—was that hon. members opposite, led by my right hon. friend the leader of the opposition, devoted most of the time, in their discussion of the present section, to indicating what provisions should be contained, in order to deal with any later application for a private bill by the Ontario hydro-electric commission. I should like to repeat that this bill was not drafted in relation to an application by the Ontario hydro-electric commission, but owes its origin to the two applications which had come from the province of Quebec. I thought I had made that point clear, when I spoke on the second reading of the bill. The application with which the government was confronted, at the time it had to reach a decision as to whether or not it would grant a licence by order in council or require approval of parliament, was that of the Montreal Light, Heat and Power Company made in the spring of last year, and renewed in the summer, for the right to export power to the United States.

In replying to that application, the administration directed the attention of the applicants to the fact that on previous occasions parliament had expressed its view to the effect that future applications should be reviewed by parliament, and indicated that the government would not consider any application until the whole question had been discussed in parliament. After that application was made, another was submitted by Aluminium Limited. The same reply was made by the administration, with respect to the second application.

In both instances attention was drawn to previous discussions which had taken place in parliament. Then later the government received an application on behalf of the Ontario hydro-electric commission, and in answer to that application attention was drawn to the replies which had been made to the two previous applications, which replies were to the effect that the matter would not be considered until parliament reviewed the whole question of the export of power.

Mr. BENNETT: They withdrew their applications.

Mr. MACKENZIE KING: They withdrew them, yes. But that was the genesis of this particular bill—a bill framed along the lines of the one introduced some years ago by the hon. member for Leeds, which received favourable consideration in this house in 1928, and passed unanimously in 1929. I believe it is a mistake to discuss in connection with this general bill, a possible application which may be considered later on in the form of a private bill.

Mr. CAHAN: Hear, hear.

Mr. STEWART: You have been doing it for half an hour.

Mr. MACKENZIE KING: My hon. friend says "Hear, hear"; that is the line his leader took this afternoon.

Mr. CAHAN: No.

Mr. MACKENZIE KING: Yes—I beg the hon. member's pardon. However, the point I wish to make is that the bill before us is a general one which relates to applications for the right to export power which may be made at any time from any part of Canada. It is not a bill relating only to an application which may come from Ontario, respecting the hydro-electric commission. It is a bill which will pertain equally to applications which may come from Manitoba, British Columbia, New Brunswick or any other province, and which may be made at any time in the future.

What we are therefore immediately concerned with is the framing of a measure which will serve as a guide to those who may apply in the future for the right to export power, and to set out certain provisions a private bill should contain if its sponsors expect it to be approved by the parliament of Canada. The reason why the restrictive conditions were not included in the general bill is not that the government hoped to have more freedom in granting an applicant but, on the contrary, it was because the government desired to give to parliament the freedom to insert in a private bill any provision it might wish. It did seem to the administration a little inconsistent to say, on the one hand, "We will leave to parliament the whole question of granting an application, in the form of a private bill," and at the same time not leave parliament free to insert in the private bill any provision it might wish to insert.

It would be assumed, I believe, that a private bill would designate the number of years for which the right to export would be granted. That would be one of the first provisions which would be considered. In some cases it might be a bill to permit the export of power for one or two years. To name five years definitely as a period beyond which no private bill should continue in force might, on the face of it, appear to be an invitation to applicants to make applications for bills which in all cases would have a duration of five years. Similarly, the necessity of the government renewing a licence from year to year was a provision which, it was assumed by the administration, parliament itself would insert in a private bill, if it was thought that such provision were necessary and desirable.

That is the reason why these provisions, in detail, were not set forth in the bill, as originally presented. Where parliament gives certain power to the governor in council and leaves the final word with that body, there is a special reason for restricting and limiting the governor in council with respect to time and with respect to other provisions of which account should be taken. If it will help to effect unanimity with respect to the present measure, I see no reason why the committee should not accept the provision mentioned by the right hon. Minister of Justice. It is one which the government has considered and which it was prepared to bring before the committee for its consideration if there appeared to be a desire to have it presented. I shall ask the minister later on to move the amendment he has proposed. We now have three subsections, (a), (b) and (c), and the following is proposed by the hon. Minister of Justice as a new subsection (d):

> Subject to the provisions of paragraph (c) of this subsection, the said private act shall remain in force for a period of one year from the date of the commencement thereof, but may be extended from year to year by proclamation of the governor in council for four further periods of one year each, but not so that the said act shall in any case remain in force for more than five years from the date of the commencement thereof.

Mr. SLAGHT: It seems to me that the proposed additional amendment solves the difficulty that existed before and should meet with the unanimous approval of the committee. Some gentlemen questioned whether the Ontario hydro application would have passed. That is in the realm of speculation and nobody can say. However, in order to afford a guide in the future, should there be a change of policy on the part of the executive of the United States—a thing quite possible and thinkable in these days when changes occur so fast—may I suggest that practically every province of Canada is to-day enjoying a revenue from the United States dollars which come into Canada to pay for the export of surplus power. I refuse to believe that hon. gentlemen from British Columbia, New Brunswick, Manitoba and Quebec, each of which provinces is enjoying revenue from the export of surplus power, will join in the cabal of the other side to prohibit Ontario from having the right to export power which the engineers state is undoubtedly surplus.

The executive of the United States has observed that we in Canada have great undeveloped natural power resources, while in the eastern states particularly the power resources are practically all exhausted, inasmuch as they have all been brought into development at the present time. Let us keep that in mind, in endeavouring to get an enactment of section 4 which looks towards the future in a broad

way. I should like to give in that respect some figures which I obtained from page 387 of the Canada Year Book for 1936. These figures indicate the available and developed water power in Canada by provinces, as of January, 1936. The two most important provinces in this respect are, first, Quebec, and next, Ontario, I shall not give the figures for the other provinces as those who are interested further may go to the Canada Year Book for them. The figures for Quebec show that the available 24-hour power at 80 per cent efficiency is 8,459,000 horse power at the ordinary minimum flow, and 13,064,000 at the ordinary six months' flow. The total turbine installation as of that date was 3,853,320 horse power. In the case of Ontario, the available power at 80 per cent efficiency, at ordinary minimum flow, was 5,330,000 horse power; at ordinary six months' flow, 6,940,000 horse power, while the turbine installation totalled 2,560,155 horse power.

We may look forward to an influx of United States, British and other capital to help to develop the undeveloped water power across Canada. Therefore we must be careful not to declare for future generations and not to put upon the records of parliament any false notions of economy as to the desirability, if at any time it be found desirable, of inviting capital to develop further these great natural resources. These times of stress, which have been noted before in the house, are peculiarly the time when we should fall in with the views of the president of the United States. I believe in him sufficiently to assume that if conditions change and if it is thought desirable to indicate to Canada a different policy, he will do so; for I am sure it is his desire, as it is and always has been the Liberal policy, to promote good will, the attitude of the good neighbour, and friendly and kindly relations between the two countries.

Mr. CAHAN: I commend the Prime Minister for bringing this discussion back to a consideration of the merits of the bill now before the committee. The hon. member for Parry Sound certainly has made one of the most provocative speeches I have ever heard in this chamber since I became a member. If I had not too much respect for myself, for the Prime Minister, for the leader of the opposition and for other hon. members, I would retaliate in phrases which would be quite as sharp and poignant as those which he has attempted to toss across the floor of the chamber this afternoon. It was not commendable for the hon. gentleman; it reflected no credit upon him that he should assume to fling across the chamber the epithets which he did this afternoon. If he persists in that course he will not hereafter find his membership in this house as pleasant and agreeable as it has been during the present and the two previous sessions. So far as I am concerned, I have heard of no cabal on either side of the house against the Ontario government or the Ontario Hydro Electric Power Commission. If such a cabal exists, either on the government side or on this side, it certainly has not been mentioned in any of the private discussions which I have had with colleagues on both sides with regard to the merits of this bill.

When the Prime Minister introduced the bill I accepted it as an effort on the part of the government, after due and careful consideration, to amend the statute of 1907, the Electricity and Fluid Exportation Act, and to provide that parliament might give an unbiased consideration to any future application for the export of power. The fact that the hon. member for Parry Sound intended to introduce some special measure in this case was not mentioned to me and was not known by me, and I did not take any observations on the possibility of a private bill being brought before the house to be a reflection upon the premier of Ontario, or upon the commission which my hon. friend represents, or to refer to the prospective introduction of a bill by the hon. member. I have tried to consider this matter not solely from the point of view of Ontario, because Ontario's interests are not so well known to me; I was also considering it from the point of view of other provinces, such as Quebec, which now have and will have in future large quantities of hydro-electric power for exportation, if the hydro-electric diversions which now exist and others which are in contemplation in those provinces are brought to completion.

In all his discussions with myself and my colleagues the leader of the opposition has always sought to ascertain what, in our opinion, would be fair and proper provisions to suggest by way of amendment to the bill now before the committee, not with a view to precluding hydro-electric development in Ontario, not with the view of placing obstacles in the way of the premier of Ontario and his government, or in the way of the hydro-electric commission of Ontario, but with a view to ascertaining and, if possible, enacting provisions which would apply to all possible applications for the export of power in the immediate future.

To suggest that this law which we now place on the statute books will be like the laws of the Medes and Persians, never to be amended or modified, is nonsense. That there

is any such intention in the mind of the Prime Minister, it would be, I think, nonsensical to assert. We are dealing to the best of our intelligence with conditions at present existing in order to frame a general law under which the export of power in future may be carried on with the full approval not only of this house but of both houses of parliament. In that purpose I concur. Therefore, when the bill came before the house and amendments were suggested, we on this side suggested certain amendments which, in conversation among ourselves, had occurred to us, and from a desire solely to assist in drafting a bill which would commend itself to the great majority of this house. In discussing this bill I think we might just as well leave Ontario, as Ontario, and the interests of the hydro-electric of Ontario, out of consideration.

The suggestions which were made as to possible caballing for private ends remain, because whenever private acts are applied for, which grant or propose to grant special rights or privileges to certain sections of the country or to certain groups of individuals, there is always a tendency to caballing and lobbying. Such remarks as were made on this side of the house apply, I am sure, to that prospective condition of affairs and had no application to the hon. member for Parry Sound or to the interests which he represents in this particular debate. Therefore I suggest to the committee that we should accept the declaration of the Prime Minister as to his intentions in introducing this bill and his reasons for proposing certain amendments to the bill, and then, without further consideration of the provocative statements made by the hon. member for Parry Sound, we should give our full attention and apply the best of our intelligence and experience to the modification of this bill so that it may meet with the full approval of the great majority of members on both sides. That is the only aim which I have in view.

Mr. HEAPS: I wish to say just a word or two in reply to the extraordinary speech to which we listened this afternoon. I do not mind any hon. member making a speech, and I realize that perhaps one of the hardest things any prospective speaker has to endure is to have a speech which has been kept, so to speak, in cold storage for many months. Some day he wants to deliver it, and probably this afternoon we have had an example of the speech that has to be delivered, this being the only opportunity to present it. But probably it would have been better had it never been delivered. It is not pleasant to have statements made in this chamber which have a sinister reference to other hon. members, and such statements should not be made unless they can be backed up by absolute proof. When the hon. member for Parry Sound used the word "cabal," I thought I would send to the parliamentary library for the Encyclopedia Britannica and see what the word really meant. This is what I find:

> Cabal: A private organization or party engaged in secret intrigues and applied also to the intrigues themselves.

I have been in this chamber during the whole time that this measure has been before the house, and I know of no secret intrigues that have been carried on. Now and again I have spoken to hon. members with reference to this bill. I know some Liberal members who are very much opposed to the measure, and probably, if a private bill carrying out the intents and purposes of the legislation now under consideration came before us, they would vote against it. But as to any member who had it in his mind to vote against such a bill being accused of doing something that is against all rhyme and reason, I cannot understand language of that kind being used in connection with such a matter.

The hon. member wanted to know what Liberals were opposed to this measure. He does not need to go outside Ontario to discover that. In the provincial house there is the hon. member for Bellwoods, the former attorney general, who probably knows as much as any man in Ontario about hydro affairs. I do not think it can be said that Mr. Roebuck, M.L.A. for Bellwoods, is in favour of the proposals that were enunciated here this afternoon by the hon. member for Parry Sound. I believe we have all heard within the last few days the statements in which Mr. Arthur Roebuck has scathingly denounced the whole of these proposals, and there is in those proposals a good deal which deserves, probably, close consideration by hon. members. If members are not prepared to scrutinize very closely the matters contained in a proposed law, they are not carrying out the duties they were sent here to perform. As a member of the house, who has not as yet given any expression of opinion which way I shall vote, I resent the implication that if I were to vote against the proposal to export power I should be part of a "cabal" in this chamber opposed to the Ontario government. I am not taking my orders from Ontario. I am not prepared, as the expression goes, to be a Charlie McCarthy for anyone. If I have opinions to express I am going to express them according to the light in which I see them, and I am not to be intimidated by statements made in this chamber by any other hon. member.

The hon. member who spoke so vehemently this afternoon was extremely anxious to throw innuendoes against other hon. members. Will he tell us that he was not within recent times closely associated with some of these private power interests in the province of Quebec. We know it; and yet he is so free with his own statements thrown across the floor of the house. I am not holding this against him in the least, but when he makes such statements he should be careful to have behind him the necessary accuracy.

I am prompted to say a word or two in this debate not because I want to discuss the merits or demerits of the bill with respect to the export of power; but when I made a statement in reference to the appointment of Doctor Hogg to the position of chairman of the hydro commission, I did so because I know something about Doctor Hogg's actions and his associations. It is common knowledge, and if I had time, if I had known that the hon. member was going to raise the question, I could have brought forward facts to prove that Doctor Hogg has been closely associated with private power interests in Canada. He has been their consulting engineer on many occasions, having made reports to private corporations on the question of private or public ownership, when the one or the other had to be brought into question.

I do not think this discussion is in order. The Chairman has shown a great deal of latitude in allowing this question to be discussed in committee, and I do not know where the debate will end. I would have been more content to discuss the clause introduced this afternoon and to keep strictly within the terms of section 4, and the amendment introduced by the Prime Minister, with which I am in agreement. Perhaps it offers more control to the governor in council and to parliament than we formerly had, because under the provisions as they stand it might be difficult to get a clear-cut interpretation. There might be a question of conflicting jurisdiction. My main purpose now, however, is to protest vigorously against the sort of speech that we have been compelled to listen to this afternoon.

Mr. HAMILTON: It is not my desire to speak provocatively or with acrimony, and, indeed, I did not intend to speak at all at this time. However, I wish to discuss some of the safeguards that are contemplated in section 4 of this bill and in the amendment. But before I do so, I should like to make one or two observations. After listening to the hon. member for Winnipeg North I recall that not so very long ago he made certain remarks as to how members on this side of the house were kept in line on government measures. If I remember rightly—and I am speaking from recollection—the hon. gentleman suggested that they were to be kept in line by having a judgeship, or a senatorship, or something of that kind held dangling before them. I recall also the remarks made the other night with regard to the lobby that had been carried on in connection with, strange to say, a private bill which was not before the house. At the time I resented those remarks and I felt grateful to the Minister of Justice for stating that, in his opinion, those on this side could be trusted to use their good judgment and their common sense in connection with a matter of this kind. I thank him for that statement.

I think I am entitled to say here that throughout this whole discussion of the bill before us, and of any contemplated private bill which may be brought in, no living soul except members of the house—not the hon. member who spoke a short while ago, the member for Parry Sound—has ever asked me, or suggested directly or indirectly anything about what I would do in connection with the export of power from Ontario. Perhaps I have not the ability to carry out my determination; I gather from the remarks of my hon. friend opposite that nobody over here has. The only one who has that ability is the hon. member for Winnipeg North. I did wish, however, to see what the safeguards were that were being put around the private bill which was to be brought in.

Coming now to section 4, as I understand it, the safeguards which are being provided are to take care of the vital interests of this nation. Safeguards, I agree, are essential. My home town is one that has grown up by, and has been associated with, hydro-electric energy, where the water from lake Superior falls to the lake Huron level; and our whole history has been closely linked with water power development. I mention this to illustrate some particulars in which I believe there should be safeguards in a bill such as the one we have before us. Every few years increased power has been required, and I have seen personally the effect of the development of industry on the surplus power available, pressing upon those owning the power to use their influence and make contacts so as to bring in industries which would make use of that power.

There are two essentials in regard to which there should be safeguards. In the first place there should be a definite determination and

incentive to use all power and to find uses for it in the dominion and particularly in the locality where the power is developed. Different standards have to be considered, depending upon the question whether the control is by private interests seeking profit or by public or quasi-public ownership bodies whose duty and trust are to the people at large. There is a distinct difference there.

In Sault Ste. Marie we have a public utilities commission which has been operating for years. The chairman has the absolute confidence of the people of Sault Ste. Marie, and the other members of the commission are similarly trusted. I mention this because it touches closely some considerations that have been brought forward in the house in connection with the bill now before us, although referable to the anticipated private bill in connection with the export of power from Ontario. There we have this situation. They are under obligation to take from a private power company an extra block of power; but it is optional; they do not have to pay for it until they take it. That power company have to carry that extra power and it is a dead loss to them unless they can make use of it. They have off-peak power, surplus power, a portion of which they have to supply to the city on demand, and having no use for it now they supply it for use under the boilers of the paper industry in Sault Ste. Marie. They supply at least a portion of that power. If the public utility commission had to take that power and pay for it, they would be in a similar position to the hydro-electric commission, in that they would have to pay for power for which they had no use. In view of the desire expressed by some hon. members to see that surplus power is kept for Canadian use, I would have every confidence that the chairman of that commission would do everything possible to develop uses for that power in and around that community first, and I would be content to allow them to export any remaining surplus across the line at Sault Ste. Marie, under the safeguards contemplated by this bill.

Another point on which I wish to touch for a moment is the danger of setting up vested interests in the United States with a right to look to a continuation of the supply of power. In the supplementary white paper the memorandum attached to the letter of the Secretary of State refers to the danger of United States industries becoming dependent upon imported power, and indicating what it would mean if the supply were cancelled. They would have to revert hastily to additional steam plant construction for base load power. I confess that to my mind this has been a serious danger. But in no provocative or acrimonious sense I want to read a statement which goes back to 1911. I was not very old then, but I carry forward even now some recollection of what was then said to be a very serious threat if we dealt with the United States of America. I want to follow that thought for a moment, because I think safeguards on that point are important. I quote from page 173 of the Canadian Annual Review, 1911, some remarks of the then Mr. R. L. Borden with reference to the 1911 election and the contemplated reciprocity agreement:

> If we attempt the experiment of linking arms with our gigantic neighbour he will have something to say about the unlinking. Already we hear the astonishing suggestion that as congress has ratified this agreement Canada dare not refuse to do it. Against the vested interests of hundreds of millions, against the tremendous power and influence of gigantic trusts, in the face of the delicate and difficult international conditions created by the treaty, and confronted with a threatened dislocation of business infinitely greater than that which brought our government to its knees last year, Canada would be as capable of withdrawing, without consent, from this agreement as the fly from the spider's web.

That was in 1911, and I have heard here in the last two weeks some arguments that concerned me as those did then. But since 1911 we have changed our viewpoint as to the danger of trade entanglements or alliances or treaties with the United States, and the successors of the party which then took that extreme view, were in 1934 and 1935 seeking to bring about a trade agreement with the United States.

Mr. BENNETT: Having first made the empire trade agreements.

Mr. HAMILTON: The point at issue in 1911 was the danger of trade moving in volume north and south, the danger that once we had entered into an agreement we would not be able to break it without creating international difficulty, the same argument that is advanced now. And I understand the reason why the right hon. leader of the opposition in 1934 did not make an agreement with the United States was that he could not make those channels deeper than they were and more binding than the United States was willing to make them, in other words, increasing the very danger which in 1911 we were warned against.

I wish to give as an illustration a situation which is of vital importance not only to my constituency but to Canada, in which the identical argument would apply. This is an iron and steel age. Practically our whole civilized life is based on iron and steel. Yet not one pound of iron ore, upon which that

great industry is dependent, is mined in Canada. The ore which comes into central Canada comes from the United States of America, from resources which are not inexhaustible, which are being depleted rather speedily. The hon. member for Davenport a year or two ago pointed out in this house that very danger. It is a very real one. To-day we in this country are utterly dependent for raw material for that great basic industry upon our neighbours across the line, whose resources of iron ore are being depleted with some speed. I confess I cannot see a great difference between the menace that confronts us if the United States should suddenly terminate those supplies and that which would arise if we were exporting hydro-electric energy to the United States and suddenly terminated that supply. As the memorandum to which I have referred suggests, what they would have to do would be to resort to steam plants for their power. Similarly we would have to import ore from other countries, and probably pay more for it, as they would possibly have to pay more for power produced by coal burnt under boilers if that were necessary. I do not wish to detract at all from the seriousness of this question, but I do not think it applies with any greater seriousness to the export of hydro-electric energy than to other commodities which are exported.

The other day the hon. member for Davenport dealt with the diversion of water from the great lakes. To my mind that is on a different basis from hydro-electric energy, as in that case the United States have the physical control of that diversion, which they have not in connection with hydro-electric energy going into their country.

Mr. MacNICOL: May I correct my hon. friend? At Niagara Falls the diversion of water is for the generation of electricity for export to the United States.

Mr. HAMILTON: My understanding is that the hon. member referred to the Chicago drainage canal—

Mr. MacNICOL: Exactly.

Mr. HAMILTON: —and referred to others, and as I followed him his contention was that the United States were actually taking water for purposes for which they were not entitled to take it.

Mr. MacNICOL: Exactly.

Mr. HAMILTON: Well, in Chicago at any rate the taking of that water is controlled by physical means situated in the United States, and the only way we could stop them would be in some way to control their physical conduct, or that which they do in a material sense.

Mr. MacNICOL: I tried to point out that at Chicago, where for many years they have diverted 10,000 cubic feet per second, half of that water belonged to Canada, and that if we could use that additional 5,000 cubic feet per second at Niagara Falls we would develop an additional 150,000 horse power of electricity at Queenston.

Mr. HAMILTON: I fully appreciate that, but we cannot stop the water going into the Chicago drainage canal because we have no physical control over it. I am not an electrician and do not profess to have much technical knowledge of electricity; but in connection with electricity I assume we could cut the wires or in other ways stop the exportation, which we cannot do in reference to the water being diverted at Chicago. So I do not think the illustration is altogether valid as an argument against allowing the exportation of hydro-electric energy.

In connection with section 4 we have the parliament of Canada or the governor in council acting for the people and having the say as to whether or not exports shall continue. Then we have other public utility bodies equally responsible to the people they represent. In my town they are responsible, among others, to the men and women out of work, to the people of that city, which is seeking for additional industries which would relieve the unemployment now prevailing. We should so surround our exportations that we do not make any misrepresentations or misleading statements. When dealing with a great nation at present on such friendly terms with Canada, in the words of the president can we not deal with them as neighbours; can we not make with that country an agreement such as an individual would make with his neighbour? It seems to me that at this time, when there is so much suspicion and distrust, we should have faith and confidence in the relations that exist between nations. I may be talking foolishly and childishly, not as a man of the world; yet I am prepared to make these statements in any event. It is important that we should live up to the high standard of national and international conduct which is nowhere better exemplified than on the North American continent, where it has been an example to the world. So I think if we take care of these very real conditions that must be considered, with all the provisions that are embodied in this measure we shall be safeguarding the national interests of this dominion.

Mr. LAWSON: Mr. Chairman, while I appreciate the wisdom of the suggestion of the hon. member for St. Lawrence-St. George, I simply cannot allow to go unchallenged the statement of the hon. member for Parry Sound to the effect that the Conservative party in this house was predisposed or had agreed to oppose the exportation of power from Canada. Coming from Ontario, and the particular district which I represent, I cannot allow such a statement to be made without a reply. So far as I am concerned—and I am sure I express the views of all my colleagues in the house—we have had a sincere desire to see this general bill dealing with the exportation of electric power so drafted that the interests of all parties in this country would be safeguarded, irrespective of whether the applicant for permission to export electric power should be the hydro-electric commission, or any quasi-public ownership enterprise, or a private concern.

I am willing to give a good deal more weight to the views and opinion of the hon. member for Parry Sound on the subject of remote control leadership than I am to his attitude towards the federal Conservative party. No member in this house is in a better position to have a knowledge of remote control leadership than the hon. member for Parry Sound. If we could believe the press of Ontario, for two years prior to 1934 the hon. gentleman was the constant companion of a remote control Liberal leader in Ontario, the present premier of that province.

The hon. member for Parry Sound says that one would think the export of power was something new. Oh, no, it is not. It is because of the experience we have had with the resultant effects of the export of power that individual members of this party and the Conservative party in this house have been endeavouring to see that amendments were included in the bill now before us. It is because we have learned that renewals are not precedents, as the hon. gentleman would seem to think, for the granting of new applications. It is because we have learned from experience that once an application is granted, unless it is surrounded with the strictest terms, a vested right is created, and you must have an excellent reason for refusing the renewal because of the international complications which arise therefrom. It is because of our experiences at Massena and in regard to the Chicago drainage canal and the export of power at Niagara Falls, which were detailed by the hon. member for Davenport, that we have learned that care must be exercised in granting new licences for the export of power from Canada.

May I say to the hon. member for Parry Sound that as far as I am concerned, and as far as most of the members of the Conservative party in this house to my knowledge are concerned, if the hon. gentleman or any other hon. member introduces a private bill now or in the future providing for the export of power from this country he will find that we will consider that problem not from the point of view of whether it is the Hydro-Electric Power Commission of Ontario, not from the point of view of whether it is a private corporation, but from the point of view of what is in the national interests of the people of Canada as a whole. That and none other will be the governing factor.

Mr. BENNETT: We have had the pleasure—and such apparently it was to many hon. members opposite—of listening to a high class speech by the hon. member for Parry Sound. He spoke in such slighting terms of the language used by the hon. member for Dufferin-Simcoe that one would have expected that at least he would use what might be called language consistent with the amenities of civilized society. But it was ovaltine, a chocolate bar, and street-car tickets; this from a member of the legal profession, who gave a learned opinion in connection with the MacLaren bond issue, and who rises in his place in this house as an exemplar of all that is fit and proper in the conduct of public business. That is his language. That is the language of one who asserts himself as a leader of the bar in his province. I believe he is now—well, I am reminded that he was—a bencher of the law society of Ontario. The language he used here to-day is as I have indicated—and he holds himself up now to this house as an example. One would expect at least that the language used would not be of the kind he condemns. But he has seen fit to condemn in one breath and to approve in the other, using himself the language to which I have referred. I am accustomed to abuse; that is nothing new. There is, of course, an old saying that when you have a bad case you should abuse the attorney on the opposite side. I make no complaint about that; but I do make this complaint—not on behalf of myself, for I have not complained personally—that those who set themselves up as examples and condemn in such vigorous terms the language said to have been used by the hon. member

for Dufferin-Simcoe should not themselves sink to what they describe as an improper level, by using the language we have heard.

Something has been said about a lobby. I spoke about the dangers of lobbies with respect to private legislation. I in no sense indicated that any member of this house was lobbying. I spoke of what I said in parliament—I believe it was during the second session in which I enjoyed a place in it—at a time when the Right Hon. Arthur Meighen, Mr. W. F. Nickle and I on the last day of the session joined in as vigorous a denouncement as we were capable of making of the lobby that was carried on in respect to the Bank Act. We were not in any sense denouncing the lobby of members of the house by members of the house—far from it. We were pointing out that systematic lobbies were being maintained by members of the legal profession on behalf of great interests concerned; that they were buttonholing members in the corridors and suggesting that they give support to this measure, to that clause or that paragraph of a bill.

What is more, we did something to end it. Every private bill is a conflict of interest against usage. Everyone knows that a private bill is an effort to have a majority of the members of parliament make an exception in favour of an interest. Whether it be a divorce bill or any other measure, it matters not; it is the interest that is the controlling factor. I pointed that out the other day, as I did twenty-five years ago in this chamber, when we denounced the practice of interests concerned employing a high type of lawyers who were buttonholing and lobbying members of parliament to support their views.

I read in the paper the other day that the Ontario government had engaged the services of two Ottawa lawyers for the purpose of lobbying their interests here. The presence of one of them in the debate in this house during the progress of the bill has always been apparent. There is no questioning the fact that lobbying has been discussed in every democratic parliament of the world, and the danger of it is apparent to every man who believes that democracy could be set aside lightly by efforts such as that. If hon. members refer to Hansard they will find what was said with respect to lobbying on the occasion I have mentioned. No one suggested that any member was lobbying any other member. It was for the first time indicated to the house that the hon. member for Parry Sound was to have charge of the private bill, and he suggests that some fellow member was endeavouring to lobby me with a glass of ovaltine or a chocolate bar, and the hon. member for Kootenay East with a street-car ticket. To that level has debate descended this afternoon.

Whatever else may be said with respect to the note received yesterday, and laid before the house, at least it vindicates the position taken by some of us with respect to this legislation. At page 13 of the white paper laid on the table to-day, the Secretary of State for the United States uses these words:

It is well known that successive governments in Canada have been traditionally reluctant to permit the long term exportation of power to the United States. The principal reasons underlying this policy were concisely stated in a letter, recently made public, from the premier of Ontario to the Minister of Trade and Commerce at Ottawa. The objections, as therein stated, were as follows:

1. That the exportation of power results in the establishment in the United States of dependent communities or industries.

2. That irrespective of the terms of the agreement under which export delivery is made, the commitments become irrevocable; that is, the deliveries cannot be suspended or terminated at any later date without giving rise to international complications and being regarded as an unfriendly act.

3. That the export of power enables industries, which otherwise would establish themselves or branches thereof in Canada, to handle their Canadian business from factories located in the United States.

It must be clear to all who have given thought to the problem that those reasons which have in the past made the exportation of power undesirable from the point of view of Canada have made the importation of power undesirable from the point of view of the United States. In the case of the latter, a broad policy of national defence is also involved. On this aspect of the question, it is perhaps sufficient merely to say that many of the industries most necessary to the life of a nation in times of national emergency require very large and uninterrupted supplies of power. The fact that the government of the United States anticipates no such emergency does not relieve it of the responsibility of taking the possibility into account.

And then follows this:

While sympathizing with the desires of Ontario and Quebec, the government of the United States considers that its primary obligation is to view the problem in terms of protection for the general power market in the United States and for those American industries which might become dependent upon imported supplies of power. In this connection, it may be pointed out that if the Northeastern power market in the United States were to become dependent for any considerable portion of its power supply upon withdrawable imports, it would be faced with the constant danger of having to revert hastily to additional steam plant construction for base load power.

In the circumstances, the government of the United States believes that it would be failing to discharge its proper obligations if it were to give its consent to the importation of hydro-electric power, even on a temporary basis,

without simultaneously providing for the development of an alternative and equally economical domestic supply to be available when the imported power was withdrawn.

There is a concise statement of the considered policy of the United States of America, not only with respect to electric power, but also with respect to every matter that affects its national well-being, namely the protection of United States interests and industries.

When I heard the hon. member for Parry Sound speak of the tremendous friendliness of the United States for Canada, I could not but remember that only a few months ago, in 1935, this dominion signed a trade agreement with the United States, and that within a few months thereafter a revenue tax of three cents a pound was placed upon animal fats, thereby destroying the lard industry in this country, so far as price was concerned. Why? Because they were carrying out the policies that Mr. Secretary Hull has now enunciated in this note to the Dominion of Canada. During the past few weeks there passed the House of Representatives a bill that places against Canadian pork products a duty of six cents a pound. This is a prohibitive duty, and if it goes into effect it will prevent the sending of a single pound of pork products into the United States. That bill is now pending before the United States senate. Mr. Secretary Hull believes it to be the first duty of every government to care for its own people and its own country. He has indicated in no fulsome flattery and in no platitudinous discussion that that is so. He is a realist and his government is realistic. It considers the first duty of government is to care for the material, spiritual, and, shall I say the social well-being of its people.

I should like to remind the committee that the first comprehensive proposals made to the United States of America for a trading agreement came, not from a Liberal government but from a Conservative government. I say this now so that there may be no misunderstanding about it. The Conservative party never was the author of the statement, "No more trade or truck with the Yankees." Who was it said that? I ask the hon. member for Parry Sound who was the author of that?

Mr. SLAGHT: The bill-boards of this country were plastered with it.

Mr. BENNETT: Whose bill-boards?

An hon. MEMBER: Your bill-boards.

Mr. BENNETT: The question is answered; the bill-boards were the authors.

Mr. SLAGHT: Somebody paid for the bill-boards.

[Mr. Bennett.]

Mr. BENNETT: I am bound to say that information founded on bill-boards would be a little difficult to follow, having regard to the ones we saw in 1935 and the relations between the federal administration and the provinces. But this we do know; it is a matter of distinct record that Sir Wilfrid Laurier said, "No more journeyings to Washington." It was after the great gathering presided over by Lord Herschell had ceased its duties at Washington without results that Sir Wilfrid Laurier said, "No more journeyings to Washington." The hon. member for Algoma West has asked a question. Let me tell him that no proposal was made by the Conservative government for trading with the United States until we had concluded trade agreements within the empire. Why? Because we knew that in Great Britain there existed a stable market for our agricultural products. We knew that there we would not have the fluctuations in policy brought about by the changing tariff views of the one party as compared with the other. We know now that to-day we have republican tariff in the United States of America. We know that it is the highest tariff in the history of the United States. We know that the president can negotiate trade agreements only if goods now dutiable are not made free and the tariff is not reduced by more than fifty per cent. To-day the average ad valorem tariff of the United States is nearer fifty per cent than forty per cent. If you include the specific duties, the average is sixty per cent. Half of sixty per cent is thirty per cent, so that the only tariff we can secure from our great neighbours is one of thirty per cent, and that is called a low tariff.

An hon. MEMBER: Clause 4.

Mr. BENNETT: Yes, clause 4. I thought you would call clause 4 as it would deny me the right to answer the allegations made this afternoon by the last speaker and by the hon. member for Parry Sound.

I want to go a step further. The long tirade, partly abuse and partly argument, made this afternoon by the hon. member for Parry Sound, was to the effect that a man who would even think that the export of power should be opposed must have an unsettled mind. His contention was practically that no sane man would think of opposing it. His argument was so complete that even the hon. member for Selkirk must fall in and support those views. All you had to do was merely listen and the matter was complete. I wonder if the hon. gentleman knows anything of the policy of the Liberal

party in that regard. Does he know what their policy was as declared in this house in 1928? Does he know that when a measure was introduced by the hon. member for Leeds providing that parliament should have control over this matter, the government accepted the measure and it was passed unanimously? As was pointed out very properly by the Prime Minister, the premier of Ontario sat there.

Mr. DUNNING: Over here.

Mr. BENNETT: He sat on both sides of the house, with the government at one time, and with the opposition at the other. He was not a member of the opposition in 1928; he sat on the government side. So far as the record shows, he gave his approval to the measure introduced by the hon. member for Leeds. Listen to the language of the hon. member who was put up to speak for the government of Canada, the Hon. Charles Stewart, then Minister of the Interior. These are his words:

Mr. Speaker, the government is taking no exception to this bill. It does not make any drastic change, but I think the sponsor has in mind that in cases where new developments spring up, and there is a possibility of a certain portion of the power being exported, the company or individual promoting the measure shall come to parliament and obtain a private bill for that purpose. With that suggestion, the government has no quarrel; indeed I think I may say on behalf of the government that we will go even a step further. It is in our opinion desirable that the exportation of electricity be absolutely prohibited; it is too valuable an asset for us to permit it to leave our country. Although we may be at some disadvantage from a climatic point of view we have this very valuable asset which to some extent offsets that condition, and it is important that we should retain it within the boundaries of our own country.

Those were not the words of the Conservative party; they are the words of the spokesman of the right hon. gentleman who now leads the government. That hon. gentleman spoke for the government when he said they would go even a step further than the hon. member for Leeds. He said:

It is in our opinion desirable that the exportation of electricity be absolutely prohibited,

That is to be found on page 453 of Hansard of February 14, 1928. I wonder if the hon. member for Parry Sound knows what was the declared policy of his party. If he did, then he has been indicating by his speech this afternoon that all those who hold the opposite view are ill-informed, ill-advised and have an improper appreciation of the situation. As Mr. Secretary Hull points out, all governments have been opposed to long term contracts for power. It may well be that over the dam goes water which might be converted into electricity that might be sold, but the reasons which actuated the government in 1928 to make the statement that was made on its behalf are just as cogent and powerful to-day as they ever have been in the history of this confederation.

As to the other point which was made, namely, that we renewed the licences which had been granted, of course we renewed them. It is true that the leader of the government found some of those licences in operation when he came into office. The record of them will be found on pages 97, 98 and 99 of the white book. It is true that those licences have been renewed. It is true that during the five years we were in office we renewed them, always on the representations made by the province of Ontario that they should not be destroyed.

Let us look for a moment at what I conceive still to be necessary to insert into clause 4, that is the provisions of the licence itself. Let us see under what conditions power is now exported. I believe the Minister of Justice will agree with me that it is highly desirable that there should be at least some uniformity. I quite appreciate the point made by the Prime Minister that this bill does not refer to the hydro-electric alone; it is to deal with all companies that at any time in the future may make applications.

The licence will be found at page 95 of the white book. Let us look at the application for it. I submit that the language of the licence should be the language of the general conditions of the enabling act so that the experience we have derived from the past we should be able to utilize in the future. This is the language set out at page 95, No. 52:

Licence Number is hereby granted to the doing business at in the county of and province of to export or to sell for export from Canada during the fiscal year ending 31st March, 19 , electrical energy at a rate not to exceed at any time during continuance of the licence, kilowatts, provided:

(a) That momentary indications in excess of the authorized quantity, due to short circuits, grounds, etc., will not be considered as violations of this licence, and

(b) That the maximum demand or peak of load curves, will not be considered as a violation of the licence when such peak does not exceed twenty-five per centum of the quantity herein stated, and does not continue above the licensed rate for a longer period than one hour at any time, and for not more than two hours altogether in any twenty-four hours.

This licence being only for one year, licensees must not enter into any contract which they will not be able to carry out if this licence is not renewed, or if the Electricity and Fluid Exportation Act or the regulations made thereunder are changed.

This licence is subject to the statutes of Canada, now in force, or hereafter to be enacted and also to the provisions of the regulations regarding electrical power, &c., approved by the governor general in council on the 4th day of November, 1907, and to any regulations which may hereafter be made, which statutes and regulations are made conditions hereof.

Every contract made under this licence shall contain a clause or clauses expressly setting forth that it is made by virtue of this licence, which is subject to the Electricity and Fluid Exportation Act and any amendments that may be made to it, and also is subject to the regulations made or which may be made by the governor general in council regarding the same; and every contract made under this licence shall have attached thereto a copy of this licence and of the Electricity and Fluid Exportation Act, and of the regulations approved by the governor general in council on the 4th day of November, 1907.

This licence, if renewed, shall be subject to the terms and conditions of such regulations as may be made from time to time, either by statute or the governor general in council.

That is signed by the deputy minister and countersigned by the director, and dated.

I suggest to the Minister of Justice and to the Prime Minister as well that this legislation would conform to what I conceive to be the general principles that underlie such legislation if the general terms of the existing licence were incorporated in the language of the general conditions to be observed; for, having swept out the licence by statute and having substituted for it a private act, it is highly desirable, I think, that we should see that any private act which may hereafter be enacted shall be subject to the provisions, among others, which I have just read.

I congratulate the government upon two of the conditions which they impose. I think the condition which deals with price is an admirable one. I think the condition which deals with surplus is also most admirable. I would only suggest that when the Minister of Justice is considering the terms of the amendment which he has read, it might be well to make it clear that the conditions imposed by the licence shall be the conditions which will apply to any private act.

The Prime Minister very properly used the argument, why not depend upon the private act? But the reason we should not depend upon the private act is that the terms of the licence which will be obtained by those companies whose licences are to be renewed from time to time contain these provisions, and they are part of the general conditions that govern the whole situation. Therefore the general bill, namely the enabling act, should contain like conditions. I suggest that because I regard one or two of them as being tremendously important. There is, for instance, the one that deals with the question of making no contract for the sale of power except the copy of the private act be attached to the contract. That brings home to anyone who acquires power the situation, so that a vested right may not be obtained.

I mention this, Mr. Chairman, without going further into the matter, because I should like to make it abundantly clear that, in opposing the general position in respect to power export there was nothing in it that had to do in any way, shape or form with immediate conditions; there was no effort to arouse animosity against the government of Ontario. To suggest that thirty-eight or thirty-nine persons were so powerful as to be able to effect this purpose does violence to my understanding of the weight of the thirty-eight persons. To suggest that it can be done involves, in my judgment, the negation of the very theory upon which government by majority rests. But we have followed the traditional policy of this party; we have followed the traditional policy of the Liberal party as declared in this house, the unanimous view, as the Prime Minister was at pains to point out the other day, as expressed on more than one occasion; and it was for that reason that we are opposed to the export of power. I submit that beyond all peradventure, if the amendments which have been suggested, amplified by the one that was just read, being, as I submit with deference, broadened so as to cover the conditions to which I refer, were passed, we would then in the enabling act have indicated to all the general conditions which will govern hereafter the granting of a private act; and, more, we would have maintained that position which the Prime Minister took in 1928, the position which was taken by the late administration, and the position which has been taken by the government of to-day; for there has been no departure that I know of or that any other hon. member has heard of that changes the general attitude of mind of successive governments towards the question of long term export of power. This was the Liberal principle declared time after time in Ontario and elsewhere in Canada.

But it is not necessary to go that far. All one needs to do is to take the statement made on behalf of the government of the day in February, 1928. By that we have stood. If in doing so we have created a cabal; if by doing so we have trodden upon the toes of a new Liberal policy of which we were not advised; if there is a new one in the offing of which we have no knowledge, yet indeed we can say with the greatest consistency that we have maintained the unani-

mous expression of the people of this country through their representatives in parliament assembled, that we were all opposed to the export of power except in emergency conditions which are provided for in this bill, and that long term sales of power were objectionable to the Canadian people for the reasons given by Mr. Hull as regards its importation to his country.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 41, for the relief of Alice Cecile Pinder Hartt.—Mr. Jacobs.

Bill No. 42, for the relief of Ruby May Foster Ryder.—Mr. Emmerson.

Bill No. 43, for the relief of Ethel Sadie Davidson Case.—Mr. White.

Bill No. 44, for the relief of Ray Simon Stern.—Mr. Jacobs.

Bill No. 45, for the relief of Norma Adelaide MacKenzie Hird.—Mr. Walsh.

Bill No. 46, for the relief of Mabel Marjorie Thompson Maynes.—Mr. Emmerson.

Bill No. 47, for the relief of Walter Edward Gorham.—Mr. White.

Bill No. 48, for the relief of Margaret Anne Eddie Bender.—Mr. Walsh.

Bill No. 49, for the relief of Kathryn Chronis Briggs.—Mr. Walsh.

Bill No. 50, for the relief of Vera May Levis Holloway.—Mr. Jacobs.

Bill No. 51, for the relief of Robert Andrew Young.—Mr. Walsh.

JAPANESE IMMIGRATION

APPLICATION OF PROVISIONS OF CHINESE IMMIGRATION ACT, REVISED STATUTES, 1927, CHAPTER 95

The house resumed from Friday, March 11, consideration of the motion of Mr. Neill for the second reading of Bill No. 11, respecting Japanese immigration.

Mr. J. G. TURGEON (Cariboo): It is with a sense of deep responsibility that I rise to-night to take part in this debate. I am quite aware that British parliamentary custom has decided that the whips of the two parties should take very little part in debate. While I am simply deputy whip and act only on occasion, nevertheless I do from time to time take the place of the chief government whip, and therefore I recognize that responsibility in rising to discuss this bill to-night. Were it not for the circumstances surrounding the particular measure now before the house I would not be on my feet. It is my intention to make as sure as I can that no word of mine shall hurt the feelings of any member of this house, and I trust also that nothing will be said which will be even provocative.

There are several matters deeply related to the question under discussion in connection with the two bills that have been introduced purporting to amend the Immigration Act and the Chinese Immigration Act, but I do not intend to deal with these related questions. Rather I shall confine myself to questions embedded in the measures themselves.

The question brought before us by the hon. member for Comox-Alberni (Mr. Neill) is one of deep significance to the province of British Columbia. It is one which, if left unaltered in its present status, will soon be of vital concern to the dominion as a whole. I know the people of western Canada fairly well, and there is one thing that the people of British Columbia require of their public men more perhaps than any other attribute. It is that when any deep and embarrassing question arises, the people of that province shall know where their representatives stand, and out of deference to and in appreciation of that feeling on the part of the people of British Columbia, I state at this point that if these two bills before the house are forced to the conclusion of a vote, I shall vote against the second reading of both. Having so declared myself, I shall later on take the extreme liberty, with whatever force is at my command, of recommending to the proposer of these bills, the hon. member for Comox-Alberni, that in the interests of British Columbia, in the interests of the very object which he has in mind and for which he has been working in and out of parliament for fifteen years or more, he withdraw them so that in the circumstances in which parliament finds itself at the present time it will not be necessary to vote the bills down.

Mr. NEILL: I rise to a point of order. Is the hon. member in order in discussing a bill which is not before the house? He should confine himself to Bill No. 11, and not discuss a bill which is not at the moment up for second reading.

Mr. TURGEON: I do not wish to get into any altercation with the hon. gentleman over a question of order, but the only difference between the two bills is that one purports to amend the Chinese Immigration Act and the other purports to amend the Immigration Act.

It is not possible properly to discuss, from the standpoint of British Columbians, the question of the exclusion of Japanese, through any instrument whatever, without discussing everything that arises from immigration and, therefore, from the policies adopted by this parliament to conduct and to regulate immigration.

As I was saying, I intend to suggest to the hon. member that in the very interests of the object he has in mind these bills should not be pressed to a vote during this session. Later on, I shall give my reasons for that suggestion. It is my intention also to show to the best of my ability why I think it is absolutely necessary for me, coming from British Columbia and having a sense of the responsibility that rests upon a member of this house, to vote against the bill on this occasion. Further I intend as well as I can, and even at the expense of repeating some of the arguments that have been made, to put forward some of the reasons why I believe that sooner or later action must be taken to bring about that which these bills purport to accomplish. That action must of necessity be taken.

Two results have followed from the discussion that has taken place upon the hon. member's motion. One is that this government has already set up machinery which we sincerely hope will bring to light in what degree, if any, illegal entries have been made from Asiatic countries, with particular reference perhaps to the race mentioned in Bill No. 11. There has been set up—or rather enlarged, for I understand it was set up previously—another investigating committee which will act more or less in conjunction with the board of review that is dealing entirely with illegal entrance and the steps necessary to be taken immediately to stop it, but the interdepartmental committee acting in conjunction with that board will inquire, I take it, into the whole question of Asiatic immigration.

Mr. GREEN: May I ask the hon. member a question? Has there been any change since the announcement made by the Prime Minister on March 7? He was asked by the leader of the opposition about these boards of inquiry, and his answer was, as reported at page 1066 of Hansard:

> Mr. Mackenzie King: The board has been appointed to deal with the subject of illegal entries—
>
> Mr. Bennett: Only?
>
> Mr. Mackenzie King: Only, yes.

Then he goes on to say:

> However, I would assume that in any inquiry directed to illegal entries much information that was incidental thereto would be ascertained.

[Mr. Turgeon.]

Is the hon. member suggesting that there is to be another board, or that this board is to go further than the statement of the Prime Minister indicated?

Mr. TURGEON: I do not want to be unkind to the hon. member, for whom I have great personal regard; but if he paid more attention to the answers given by ministers of the crown he would not have had to ask me that question, because he will find on Hansard an answer to his own question, where the Prime Minister said that this interdepartmental committee was set up and is separate entirely from the board of review, whose function is confined to the question of illegal entry. This interdepartmental committee I take it has upon it representatives not only of the Department of Immigration but of the Department of Labour and the Department of National Defence. Perhaps one should not say that too loudly, but these two departments are represented on that committee, which is inquiring into every question relating to oriental immigration into Canada, which, of course, means largely into British Columbia.

A second benefit has resulted from the introduction of this bill by the hon. member for Comox-Alberni. Oftentimes the position of British Columbia in the general scheme of things Canadian is misunderstood. For long years the position of that far western province with respect to all questions relating to immigration has been misunderstood. But I take it from this debate, and especially from the words used by the Prime Minister (Mr. Mackenzie King) and other ministers, as well as by the leader of the opposition (Mr. Bennett), that now our position is better understood than it has been at any previous time in the history of this question.

What is the situation? I have before me two orders in council passed under authority of the Immigration Act. One is P.C. 2115 dated September 16, 1930, which puts a prohibition upon the entry into Canada, except of course with certain exceptions, of immigrants from Asiatic countries, though it clearly sets out that it is not concerned and does not deal with any Asiatic nation with which Canada has a treaty or convention. Then there is another order in council, which was referred to the other night, P.C. 695, dated March 21, 1931, and amended April 23, 1937. This order in council deals with steps taken to prohibit immigration of any kind into Canada, again with certain exceptions. The exceptions are: Those who come from Great Britain with sufficient funds to maintain themselves until they have opportunity to secure employment; those who come from

the United States with sufficient funds, and agriculturists with sufficient funds to go into the business of farming. In this order in council there is also a proviso as regards immigrants as defined in paragraph 2, that is, those entering from the United States, and immigrants as defined in paragraph 4, that is, agriculturists who have sufficient means to farm in Canada: "Provided that these are destined for settlement in a province which has not signified its disapproval of such immigration." There is a clear recognition of the principle that, largely because of conditions in Canada to-day, persons to be admitted to this country must be destined for a province which has not signified objection to their entry.

I do not need to point out that immigrants from Asiatic countries who come to Canada come only to British Columbia. The general principle underlying these prohibitions is this, that because of the situation in which labour finds itself, because of the competition with which those who are farming may be faced, because of general competition in labour or in other means of gaining a livelihood in Canada, it is not right to permit immigrants to enter the country. Yet we find that immigration from Asiatic countries is concentrated in British Columbia and is of such a kind that it utterly displaces all other labour with which it comes in contact. That is a situation which cannot be denied and to which I call attention on behalf of British Columbia.

Ordinarily immigration is stopped because of its effect on labour and those engaged in production. In British Columbia we find two results from the immigration policies of Canada. One is that in those parts of the province in which Asiatic settlement is concentrated labour is ousted, farm values lowered very materially, and rural credit lessened and in some places destroyed. What else do we find as a result of the general immigration policies of Canada? My eyes are turned now to that great area of country running from Vancouver north clear through the centre of British Columbia for practically a thousand miles, a country containing the richest mineral section imaginable, from which untold millions of dollars have been taken, but which as yet in many places has been hardly touched and is still open for exploration. In that country we find seven or eight settlements, many of them isolated, several of them finding it impossible to maintain contact with each other because of lack of transportation. In that country there is everything to support a larger population—diversified farming, cattle, hogs, wheat and everything one can think of. It extends both east and west of the mountains. It is traversed by the great valley of the Fraser river and all its tributaries, and from east to west it is crossed by the Peace river waterway, with all its tributaries. Yet we find that because of lack of population that country is not in a position to support itself. It has over seven hundred miles of Canadian National railway lines, owned by the government of Canada. In another direction it is crossed by 450 miles of the Pacific Great Eastern railway, which is owned by the province of British Columbia. Every mile of railway line within that area is owned by the taxpayers; yet because it is without immigrants who should be going in there, the railways are unable to operate except at a terrific loss, though they are running through one of the richest parts of Canada.

The situation is this: British Columbia, surfeited on the one hand with Asiatic immigration, is crying and demanding that steps be taken at the earliest possible moment to see what can be done with the government of Great Britain in order to bring to this portion of the province immigrants properly directed, properly financed, properly organized and carefully selected. The province wants them. Only yesterday at Victoria the city of Prince George presented to the Rowell commission a submission in connection with immigration from the British Isles, and that plea for British immigration is not divorced from the question of oriental immigration. During the last few months a new and, if you wish, strange doctrine in international relations has been proclaimed by some great states. The doctrine is that parent states are responsible for the welfare and entitled to direct the destiny of strong minorities of their people who live in foreign states. It is true that up to the present time this refers only to states contiguous to what are called the parent states; but in the western part of Canada we have an Asiatic people migrating to British Columbia, with nothing between Canada and the country from which these people come except the Pacific ocean. With the transportation facilities of to-day the Pacific ocean is hardly a greater barrier than an ordinary boundary line between nations.

I do not point out these things simply that the government should take cognizance of them because, as I said in the beginning, I realize that already cognizance has been taken of the situation in British Columbia. Having said so much, however, may I just take a few minutes more to state why I cannot vote for this bill. I realize the importance of the measure brought into the house

by the hon. member for Comox-Alberni, and I should like to read some remarks made during the course of this debate by the leader of the opposition, for whom it goes without saying I have the highest respect. Mind you, these words were spoken by the right hon. gentleman, who was quite aware of the responsibility that attached to him through his past experience as Prime Minister and Minister of External Affairs, and who knows the delicate touch with which questions of this kind must be handled even in times of peace. The right hon. gentleman said:

> On the other hand, not for a moment would I pass the bill in its present form. Without placing a time limit as to when it should come into force, or providing that it should become effective by proclamation, I think we would be courting a very serious situation indeed, and one which we could not contemplate at this particular moment, having regard to our earnest desire to keep our own country out of the conflict in Asia.

These are not idle words; they are the words of the leader of the opposition who, as I said, was speaking from the depths of experience. Later on he said:

> Therefore, while I should like to commend the hon. member who introduced the measure to the house, and hope that the government are prepared to accept the principle of it, I am one of those who, accepting that measure and believing strongly in it, would not for a moment urge its passing in its present form, as I believe it would be a very dangerous thing for us to do at this time.

I know there are men around me who feel that it is perhaps an exaggeration to point out the difficulties and embarrassments which might arise by reason of any action taken in connection with the exclusion of an Asiatic race from our country, but here are the words of the right hon. gentleman, who says not only that such action is dangerous but that it should not be taken if we are really earnest in our desire to keep this country out of the conflict which is now raging in the orient.

In the last twelve or fifteen years we have gone very far in our relations with the British Empire. We have taken such steps and have declared ourselves from time to time in such manner that the Statute of Westminster of a few years ago was, after all, only a manifestation of that great development which has taken place in Canada. But this I ask the hon. member for Comox-Alberni and those newspapers in British Columbia which have been commenting rather bitterly upon the hesitancy shown by parliament in passing this measure: While it is right that we should become masters in our own home; while it is right that in matters relating to defence we should cut ourselves off from external influence; while undoubtedly it is right that we should decide that our destiny along the pathway of the world should be cleaved only by ourselves, have we reached the time when we can forget what has been the relationship in the past between this country and the British Empire? Have we reached the time when we can pay no attention to the call of kinship? The Prime Minister pointed out, in words that must be heeded by anyone who heard or read them, that in Japan there is a deliberate effort designed to break down the friendly relations which in the past have existed between Japan and the British Empire. If there were in Canada, or in any part of the world, some fiendish mind which wished to make certain that if anything were to happen by way of a world conflagration Canada should be in it, is there anything that such a fiendish mind could conceive which would be more likely to attain its objective than so to arrange matters that the one final spark which brought about a world crisis should be an overt act on the part of Canada, committed by this parliament?

The hon. member for Comox-Alberni, having been satisfied, as he must be, with the discussion which has taken place, and filled, as I know he is, with the desire to relieve British Columbia of its Asiatic problem; realizing that if the suggestions of the leader of the opposition were taken—and the hon. member agreed to accept them the other night—that nothing could be done in any event within a year and a half or two years; that in that time Canada will have gone ahead with a reconsideration of its whole immigration problem, and that she may be making extra relations with the British Isles concerning immigration under which, without offence being given, there might be an exclusion of Asiatics; and once more stating that I must vote against this measure if it comes to a vote, thereby showing the hon. member that I am not trying to save myself from embarrassment, with all the sincerity of which I am capable and with all the powers at my command, I ask him in the interests of British Columbia, in the interests of Canada and of all which he has at heart—a better, safer and wiser settlement of the Asiatic problem of British Columbia—seriously to consider the withdrawal of his bills.

Hon. T. A. CRERAR (Minister of Mines and Resources): Mr. Speaker, when the Prime Minister (Mr. Mackenzie King) stated a few weeks ago, when the hon. member for Comox-Alberni (Mr. Neill) first brought his bill before the house, that it was one of the most important measures parliament would have

to consider—particularly at this juncture in world affairs—he stated a fact which I believe appeals to the reason and judgment of every hon. member.

There is no doubt that the question on the Pacific coast is one of deep and vital concern. We have evidence of that in the restrained but definite speeches made by members from that province, and we see it also in the concern exhibited in Vancouver and on the Pacific coast generally in relation to this whole problem. I think, however, if we are to reach a sound decision on the merits of the bill we are now considering, it is necessary to take stock of all that would be implied in the house passing the measure.

The Japanese immigration question first became one of concern a great many years ago. Hon. members will recall that in 1894 the United Kingdom of Great Britain and Ireland entered into a treaty, known as the United Kingdom-Japanese treaty, with the Kingdom of Japan. Canada gave adherence to that treaty. One of its provisions stated that the subjects of each party to the agreement should have full liberty to enter, travel or reside in any part of the dominions and possessions of the other. It was the freedom given in that provision which in the first instance led to the heavy Japanese immigration to the Pacific coast. To such an extent had that immigration increased that in the three years from 1905 to 1907 upwards of 12,000 Japanese came to Canada. Even then the matter was one of considerable concern to the Canadian people. The treaty I mentioned a moment ago, to which Canada had given adherence, was still in effect. It was that situation which led to the mission of the late Hon. Rodolphe Lemieux to Japan in 1907 to discuss with the Japanese government the question of limiting Japanese immigration to this country.

I should like to repeat that which was pointed out by the Prime Minister, namely that the Japanese government acted in a wholly reasonable manner at that time. An arrangement was reached by which Japanese immigration to Canada was limited to about 500 persons a year, and that arrangement, as was stated by the hon. member for Comox-Alberni, remained in effect until after the termination of the treaty, which took place, as I now recall, in 1921.

The so-called gentleman's agreement negotiated by Hon. Mr. Lemieux continued in effect. It is quite true the matter was discussed in parliament in 1922 or 1923. In 1928 further representations were made to the Japanese government and further reductions in the migration to Canada were effected, bringing the number to 150 a year. I think it is only fair to say that the Japanese government have lived up to the gentleman's agreement of 1907 and the later understanding of 1928.

Mr. NEILL: No.

Mr. CRERAR: I do not think that can be effectively combated.

Mr. NEILL: Certainly it can.

Mr. CRERAR: In no year since 1928 has the immigration from Japan, under the terms of that arrangement, reached 150. The Prime Minister stated on a former occasion that in the last five years under that arrangement the average has been eighty-one persons admitted to Canada.

Mr. BENNETT: That is the registered number. The illicit number was larger than that.

Mr. CRERAR: Under the agreement it was true that additional numbers of Japanese came to Canada, but they were entitled to come as Canadian citizens. I do not think even the hon. member for Comox-Alberni would deny a Canadian citizen, even if he were of Japanese nationality, the right of entrance to Canada.

Mr. NEILL: I would when they were especially exempted under the agreement.

Mr. CRERAR: The total number of Japanese who came to Canada from September 1, 1928, when the later understanding became effective, to December 31, 1937, all categories, was 1,330. Of those who were entitled to come under the agreement the number was 995. Of those outside the agreement there were 335. As I have said, those in the latter category were persons who, under our law, were Canadian citizens and had the right to come to this country. The hon. member for Comox-Alberni shakes his head, but I am stating the facts.

Mr. NEILL: No.

Mr. CRERAR: I have before me a tabulation taken from departmental figures, giving the numbers by males, females, and children under the agreement and outside the agreement who came to Canada during the period I have just mentioned. I think this information will prove useful to hon. members, and with the consent of the house I shall place it on Hansard. It is as follows:

	Japanese Immigration									
	Under agreement			Outside agreement			Total immigration			
	*M.	F.	C.	*M.	F.	C.	*M.	F.	C.	
Sept. 1, 1928 to March 31, 1929..	37	43	20	4	14	5	41	57	25	123
Fiscal year 1929-30..	69	46	19	..	37	21	69	83	40	192
" " 1930-31..	50	53	24	..	53	24	50	106	48	204
" " 1931-32..	57	57	21	..	42	18	57	99	39	195
" " 1932-33..	30	47	17	..	16	5	30	63	22	115
" " 1933-34..	46	40	13	..	3	3	46	43	16	105
" " 1934-35..	38	25	11	..	15	3	38	40	14	92
" " 1935-36..	24	34	10	..	15	..	24	49	10	83
" " 1936-37..	24	42	14	..	19	4	24	61	18	103
" " 1937-38 (9 months)..	22	44	18	..	24	10	22	68	28	118
Totals..	397	431	167	4	238	93	401	669	260	1,330

* Males—Females—Children.

A feeling exists on the Pacific coast that a considerable number of Japanese have entered Canada illegally. The illegal entry of immigrants is not a new thing. We are dealing with it every day in the immigration branch, particularly at the present time with the disturbed condition in Europe. No doubt some Japanese have entered Canada illegally, but I am quite sure that the number is not so great as the hon. member for Comox-Alberni thinks it to be. It must be remembered that if anyone has entered illegally, he is subject to deportation.

When speaking to his bill the hon. member said that he did not intend it to deal with any except those who would come in under the gentleman's agreement. While no doubt a problem is created in British Columbia because of the Japanese population, I understood my hon. friend to say that he did not intend his legislation to touch those Japanese already in the country; that it would apply simply to the Japanese the present exclusion which is applied to Chinese. The problem of illegal entry was recognized by the government before the hon. member brought in his bill. An interdepartmental committee was set up, as alluded to by the Prime Minister (Mr. Mackenzie King) which studied this question. Certain conclusions were arrived at among which was the one that we should deal only with those Japanese who might be in Canada illegally. When I was on the Pacific coast last summer, I was told that there were hundreds of Japanese who had entered the country illegally, and my hon. friend seems to harbour the same thought. As a result of the work of this interdepartmental committee, a board of review was established this week in Vancouver. This board is made up of Doctor Keenleyside of the Department of External Affairs, Mr. Taylor, Superintendent of Immigration on the Pacific coast, and Inspector Fish of the Royal Canadian Mounted Police. Every one on the Pacific coast who has a suspicion, or any knowledge, that a Japanese is in the country illegally, has been invited to present his information to the board, either personally or in writing. Any statement made to the board will be fully examined, and any Japanese found to be in Canada illegally will be deported. At the same time, it is only right to say that the Japanese who are legally in Canada will not be disturbed by the work of this board of review.

Mr. NEILL: The minister said that the interdepartmental committee had been established before I brought down my bill; but in replying to some hon. member on this side, I believe it was the leader of the opposition (Mr. Bennett), the Prime Minister (Mr. Mackenzie King) said that it was his intention to have an interdepartmental committee and a board of review set up. As that statement was made after the bill was brought down, how can the minister reconcile it with the one he makes now?

Mr. CRERAR: This was a matter of discussion between the Department of External Affairs and the immigration branch and one or two other departments. However, that point is not so important. The fact is that the committee was set up and the board of review is now sitting to discharge the duties I mentioned a moment ago.

The bill advocated by my hon. friend provides for straight exclusion. It applies to the Japanese the legislation now applying to the Chinese. In this respect I should like to quote again the statement made the other evening by the Prime Minister. It must be remembered that the Chinese and Japanese have a long civilization behind them. The other evening the hon. member for Comox-Alberni said that the reason the Chinese were dissatisfied with the action taken by Canada was because they felt they were discriminated against as compared with the Japanese. The

inference to be drawn from the hon. member's remarks was that if the Japanese were put in the same position as the Chinese, this objection on the part of the Chinese would largely disappear. But that is not the case. The Prime Minister cited some evidence the other evening. A few years ago I had an opportunity of having a long discussion with an eminent Chinese gentleman, a man who, in his knowledge of languages, of history and of philosophy, stands in the front ranks in China. He was a man of great ability, and we discussed this particular question. He did not raise objection to the fact that we did not wish to have Chinese in Canada, but he did object to the manner in which we had gone about effecting this.

My hon. friend proposes to apply the same method to the Japanese. You cannot affront a proud people in this way. The hon. member smiles, but let me read to him what the Prime Minister stated the other night. In 1924 the United States did just about what the hon. member now proposes to do, and this action was a matter of representation by the Japanese government to the United States government. Let me quote from a communication addressed by the Japanese ambassador in Washington to Mr. Hughes, who was then Secretary of State. I quote:

> To Japan the question is not one of expediency but of principle. To her the mere fact that a few hundreds or thousands of her nationals will or will not be admitted to the dominions of other countries is immaterial, so long as no question of national susceptibilities is involved. The important question is whether Japan as a nation is or is not entitled to the proper respect and consideration of other nations. In other words, the Japanese government asks of the United States government simply that proper consideration ordinarily given by one nation to the self-respect of another, which after all forms the basis of amicable international intercourse throughout the civilized world.

Mr. NEILL: And what happened?

Mr. CRERAR: It does not matter what happened.

Mr. NEILL: Nothing.

Mr. CRERAR: With the present state of the world, with suspicion running so high, with the tension among nations which now exists, the hon. member comes and asks this parliament to administer that sort of rebuke to the Japanese government. What for? In order that we may be able to deal with an average of eighty Japanese annually in the last five years. I submit that is not a reasonable request to make of this house.

I know the hon. member feels strongly upon this subject; but may I say this, and in doing so I am merely repeating what the leader of the opposition (Mr. Bennett) said the other night: The government of Canada to-day is probably, if I may say so, a better judge of whether this is a proper time to take action of this kind or not than is any private person. The judgment of the government is that this is not the proper time; that such action would but add another flame to what is going on in the world at the present time. In view of that fact alone, I believe the hon. member would do a service to this country if he withdrew his bill.

Mr. T. L. CHURCH (Broadview): I shall take only a moment in order not to delay action by the house, as I wish to see a vote on this question to-night. There is a great deal of sympathy in Ontario for the people of British Columbia regarding oriental immigration. This is not only a domestic problem; it is also imperial and it is international. On this question the people of Canada, I believe, think the same as those of New Zealand and Australia, that the time has come when this country should be a white man's country and further oriental immigration should be prohibited. We talk about gentlemen's agreements. Why in the world, when nobody pays any attention to treaties or pacts, should we expect that they are going to pay any attention to a gentleman's agreement? The people of the two industrial provinces are three thousand miles away from British Columbia; but I was out there in 1927 and I saw the way in which the oriental people are permeating every branch of business—lumbering, mining, and retail stores; these activities have been almost taken away from white men in that province, with the result that business men and the younger people who are coming from the schools and universities are finding it hard to make a living.

I would not say one word to offend Japan; far from it. I think the greatest mistake ever made was when, at Washington, to please the people of the United States we parted from the Japanese alliance. The British Empire never made a greater mistake. The mother country kept good order in the far east, and she arranged immigration policies so that New Zealand and Australia have remained white men's countries; there are no Japanese there. The same is largely true of the United States. Yet to please the people of the United States we parted from the Anglo-Japanese alliance. I think the government would be taking a step in the right direction if it adopted this measure. We want to see Canada as a whole, like the provinces of Ontario and Quebec, maintained as a white man's country.

I congratulate the members from British Columbia upon their attitude. I believe their views on this question are those of the people of Canada. I am sorry that the old alliance was broken, and I can only hope that the government will not mistake any longer the babble of the pacifists for the voice of the Canadian people in either national or international affairs, and particularly in regard to this great domestic problem. Something must be done. Gentlemen's agreements are mere scraps of paper. Last year 101 Japanese came in and nearly all have stayed in British Columbia. In the case of the Chinese, sixty per cent remained in British Columbia and the rest have moved across Canada. The time has come when we shall not be violating any agreement if we take the action that has been proposed. What Great Britain has done with Japan for Australia and New Zealand can be done for the people of Canada. Japan has obtained room for expansion; she now has Manchuria and part of China; no longer does she need Canada for her surplus population.

I congratulate the mover of the bill. I hope it will be supported by every hon. member, because I believe the unanimous wish of the Canadian people is that in future Canada, like New Zealand and Australia, shall be a white man's country.

Some hon. MEMBERS: Question.

Mr. NEILL: The hon. member for Nanaimo (Mr. Taylor) has the floor, but if he is not going to speak—

Mr. TAYLOR (Nanaimo): I merely wished to ask a question, but it is almost nine o'clock.

Mr. SPEAKER: I draw to the attention of the hon. member that if he speaks now he closes the debate.

Mr. BENNETT: I think this bill should pass. I believe this country should not—

Mr. MACKENZIE KING: The right hon. gentleman has spoken already.

Mr. BENNETT: No; I have not spoken on this.

Mr. MACKENZIE KING: Yes.

Some hon. MEMBERS: Question.

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

Some hon. MEMBERS: Question.

Mr. NEILL: When I get order, Mr. Speaker, I shall address myself to the subject. There is only a minute and a half left, and while it would not take long to answer the arguments advanced this evening, I do not think I can do so in a minute and a half. I would be obliged if you would call it nine o'clock.

[Mr. Church.]

Some hon. MEMBERS: No.

Mr. NEILL: All right. I shall deal in the minute and a half that is left with the remarks of the hon. member for Cariboo (Mr. Turgeon). He said that some of the British Columbia papers had been commenting bitterly on this bill. There he was wrong. What the British Columbia papers were commenting bitterly upon was the failure of the government to pass the bill—a totally different matter.

An hon. MEMBER: Let us vote on the bill now.

Mr. NEILL: The hon. member talks about machinery being set up, and the Minister of Mines and Resources (Mr. Crerar) gave a flat contradiction to the Prime Minister (Mr. Mackenzie King) on that point.

Mr. CRERAR: Nonsense.

Mr. NEILL: The hon. member for Cariboo talks about machinery being set up. There have been three men—a policeman, an immigration agent, and a man from Ottawa. Does any hon. member suppose that the policeman and the immigration agent will condemn themselves by saying that they have let men in illegally? Of course not; they will smooth the matter over. Does anyone think I would condemn myself and say, "I am sorry; I am an immigration agent, but I have allowed people to come in illegally." It is a farce from the beginning. Of course I would let them look at the books and go down and show them the wharves, and they would be quite happy. The policeman would convince them that nothing had been done illegally in his department, and the immigration agent would do the same. It would not be human nature to do otherwise. Is that the kind of committee that we are going to trust to decide whether people have been coming in illegally or not? Mr. Speaker, it is nine o'clock.

ELECTRIC POWER

TRANSFER TO PARLIAMENT OF CONTROL OF EXPORT EXCEPT IN INTERNATIONAL EMERGENCY

The house resumed consideration in committee of Bill No. 21, to amend the Electricity and Fluid Exportation Act—Mr. Mackenzie King—Sir Eugène Fiset in the chair.

Mr. LAPOINTE (Quebec East): I move to add to section 4, subsection (4) paragraph (d) which I believe meets the suggestions which have been advanced, as far as can be done in a legal clause.

(d) Subject to the provisions of paragraph (c) of this subsection, the said private act shall remain in force for a period of one year from the date of the commencement thereof but may be extended from year to year by proclamation of the governor in council for four further periods of one year each but not so that the said act shall in any case remain in force for more than five years from the date of the commencement thereof, nor shall the said private act operate to vest in any person any right to export power after the expiration or repeal of the said private act.

The hon. member for Leeds said that in fixing a period of five years we seemed to intimate that the power extended for five years, but I believe if we read the subsection carefully we shall see that, instead of extending, it limits the power of the governor in council to extend the private bill. The power is from year to year but not beyond five years. It is rather a limitation than an extension. The other part has the effect of declaring to the world that the act shall not operate to vest in any person any right to export power after the expiration or repeal of the private act.

While I am on my feet I should like to submit another amendment which comes at the beginning of the section. It reads:

That section four be amended by inserting at the beginning of the section, before the word "section," the following words:
"Subject as hereinafter in this act provided."

Mr. BENNETT: I think the amendment proposed is as reasonable as might be expected under the circumstances, except that it might be well to expand the last two lines, because the vested right might be a right with respect to something other than the mere export of power. For instance, he might claim damages; and as I suggested the other day, he should not acquire a vested right either to export power or for any other purpose; that is to say, he should have no right of action by reason of his allegation of vested right. That is the only suggestion I have to make.

Mr. HEAPS: With regard to paragraph (b) of subsection 4, which deals with the question of the price at which power should be exported, if power under any proposed bill is exported from Ontario, such power being owned by the provincial government, how is the price going to be fixed, and who will be the authority to determine whether the price at which the power is exported is a proper one in the circumstances? I can understand how easy it would be for two experts to be at cross-purposes on the question of a reasonable price and I am wondering who will determine that question.

Mr. LAPOINTE (Quebec East): Under the amendment as drafted it will be the governor in council, and in my opinion the governor in council should be the authority to decide on the matter. Of course, the governor in council will have the advice of any expert or engineers whom they see fit to employ.

Mr. HEAPS: I quite appreciate the fact that in the case of power being exported the government would obtain the advice of experts; but suppose there were a difference between the experts appointed by the provincial authorities and the experts advising the governor in council. Who is going to be the final authority?

Mr. LAPOINTE (Quebec East): We are the deciding authority.

Mr. HEAPS: That is definite?

Mr. LAPOINTE (Quebec East): Yes.

Mr. BENNETT: Might it not be well to say "renewed" instead of "extended"?

Mr. LAPOINTE (Quebec East): Yes, except that it is not exactly like a licence. It is an act of parliament.

Mr. BENNETT: "Extended" is good, but I thought that possibly in view of the language used in connection with the others, "renewed" might be better.

Mr. CAHAN: Is this a proposed amendment to section 3?

Mr. LAPOINTE (Quebec East): No, section 4.

Mr. CAHAN: What becomes then of the amendment which the Prime Minister proposed?

The ACTING CHAIRMAN (Sir Eugene Fiset): They are all being considered together.

Mr. LAPOINTE (Quebec East): This adds another subsection.

Amendment agreed to.

The ACTING CHAIRMAN (Sir Eugene Fiset): The Minister of Justice further moves that section 4 be amended by inserting at the beginning of the section, before the word "section," the words "Subject as hereinafter in this act provided." Shall the amendment carry?

Amendment agreed to.

Section as amended agreed to.

On section 5—Temporary licences.

Mr. LAPOINTE (Quebec East): I wish to offer the same amendment here, that immediately after the number "5" at the begin-

ning of the section, and before the word "section," the following words be added: "Subject as hereinafter in this act provided."

Amendment agreed to.

Section as amended agreed to.

On section 6—Licence to construct or place wires or pipes.

Mr. CAHAN: In the prior debate I suggested an amendment to this section, and I now beg leave to move that section 6 be struck out and that the following be inserted in lieu thereof:

6. Section 8 of the said act is repealed and the following substituted therefor:

8. (1) All transmission lines or lines of wire or other conductors for the exportation of power and all pipe lines and other like contrivances for the exportation of fluid, from any place in Canada to any place outside of Canada, are hereby declared to be works for the general advantage of Canada.

(2) Subject to any regulation of the governor in council in that behalf, the governor in council may grant licences for the construction, placing or laying of any transmission line or line of wire or other conductor for the exportation of power, or of any pipe line or other like contrivance for the exportation of fluid.

(3) No person shall, without a licence, construct or place in position any transmission line or line of wire or other conductor or contrivance for the exportation of power or any pipe line or other like contrivance for the exportation of fluid.

I do not know whether the government have any objection to this proposed amendment?

Mr. LAPOINTE (Quebec East): I think we have.

Mr. CAHAN: They have had time for full consideration of it. My personal opinion was that without a declaration that transmission lines or lines of wire or other conductors for the exportation of power, and all pipe lines and other like contrivances for the exportation of fluid from any place in Canada to any place outside of Canada are works for the general advantage of Canada, this parliament would be deprived of jurisdiction over such lines, and any regulation made with respect to such lines, as was provided in subsection 2 of section 6 of the bill, would be invalid. I quite understand that this is declaring works to be constructed in future to be works for the general advantage of Canada, but I think it advisable for parliament to make that declaration. And with all respect I think such a declaration is within the competence of parliament. There are a number of cases to which one might refer, but I do not intend to refer to them to-night. We have made a similar declaration in the Railway Act. Parliament has declared that lines of railway which come in contact with lines which are already lines for the general advantage of Canada thereby become lines for the general advantage of Canada. That is a declaration relating to works to be constructed in the future, and I think that if the one is valid, the proposed declaration is also valid.

Mr. LAPOINTE (Quebec East): The Department of Justice advises against the amendment proposed by my hon. friend. Of course, as he knows, this section 6 merely proposes to change the place where what was already in the old act will be found in the future. There is no change at all except to place the section in another part of the bill. Since 1907 this has been the law of Canada, and it has never been challenged.

That is only to initiate what I have to say. Section 92 of the British North America Act, item 10, which gives jurisdiction to provincial legislatures, reads as follows:

10. Local works and undertakings other than such as are of the following classes:

These are the exceptions:

a. Lines of steam or other ships, railways, canals, telegraphs, and other works and undertakings connecting the province with any other or others of the provinces, or extending beyond the limits of the province:

This is the item on which we base our contention that it is within the jurisdiction of the parliament of Canada. In the case of Hewson v. Ontario Power Company, 36 Supreme Court Reports, page 596, the question was as to the validity of a dominion incorporating act which gave power to the company to connect its wires with the wires of an electricity company in the United States. It was held that the subject matter of the charter was obviously not a local one, and that therefore it was valid by reason of this item 10a of section 92. This has always been the view of the Department of Justice. I find that on November 14, 1933, the deputy minister of justice, with the concurrence of the minister, the Hon. Mr. Guthrie, advised the deputy minister of the interior that the power works and appurtenant transmission lines constructed by the Calgary Power Company constituted, by reason of the manner in which they are interconnected and operated for the distribution of power, works and undertakings connecting the province of Alberta with other provinces and therefore are subject to the exclusive legislative authority of the dominion parliament in virtue of the combined operation of section 91, item 29, and section 92, item 10a of the British North America Act.

Mr. BENNETT: That is, that they extended their lines into Saskatchewan.

Mr. LAPOINTE (Quebec East): Yes. Of course to accept the amendment offered by my hon. friend would imply a doubt as to the validity not only of what has been in the law with regard to the export of power since 1907, but in many other enactments which are the law of the country at the present time. This we are not willing to do. In addition to that, if the amendment of my hon. friend is needed; if it would remove any doubt as to the jurisdiction of the parliament of Canada in the matter, we submit that it should be done in the private bills when they come, and not in this public bill.

My hon. friend has referred to the section in the Railway Act which purports to give jurisdiction by saying that certain railways are for the general advantage of Canada. But that very section has been submitted to the courts, and in the case of Luscar Collieries Limited v. McDonald et al, reported in 1925 Supreme Court Reports, page 460, the majority of the court found that this section is invalid.

Mr. CAHAN: Which section?

Mr. LAPOINTE (Quebec East): That section in the Railway Act to which my. hon. friend has referred. This declaration that works for the general advantage of Canada would come under paragraph c. of item 10 of section 92, which reads:

(c) Such works as, although wholly situate within the province, are before or after their execution declared by the parliament of Canada to be for the general advantage of Canada or for the advantage of two or more of the provinces.

The majority of the supreme court found that this paragraph could not be used in a general way to cover general works in the future which are not specified. It applies to works already executed or to be executed, and which are especially defined and described. Here is what Mr. Justice Duff said, at page 476:

The grounds on which it can be argued that section 6 (c) of the Railway Act does not constitute a valid declaration within section 92, 10(c) of the British North America Act, can be very concisely stated. The object of this provision, it is said, was not to enable the dominion to take away jurisdiction from the provinces in respect of a given class of potential works; works, that is to say, which are not in existence, which may never come into existence, and the execution of which is not in contemplation; the purpose of the provision is rather to enable the dominion to assume control over specific existing works, or works the execution of which is in contemplation. The control intended to be vested in the dominion is the control over the execution of the work and over the executed work. If a declaration in respect of all works comprised within a generic description be competent, the necessary consequence would appear to be that, with regard to the class of works designated by the description, provincial jurisdiction would be excluded, although dominion jurisdiction might never be exercised, and although no work answering the description should ever come into existence. In support of this view it may be said that the purport of the declaration authorized appears to be that the work which is the subject of it either is an existing work, beneficial to the country as a whole, or is such a work as ought to be executed, or, at all events, is to be executed, in the interests of the country as a whole. An affirmation in general terms, for example, an affirmation that all railways owned or operated hereafter by dominion company are works which ought to be or will be executed, as beneficial to the country as a whole, would be almost, if not quite, meaningless, and could hardly have been contemplated as the basis of jurisdiction.

This was the finding of the majority of the supreme court. I think the declaration suggested by my hon. friend would be quite in place in a private bill authorizing the export of power, say by the hydro-electric commission of Ontario, at a certain place. But the work has to be either executed or contemplated, and while this amendment is really generic in its scope, I submit that we would do better not to enact it in connection with this bill.

Mr. CAHAN: In reply to the right hon. gentleman, in the first place I submit that the opinion of Mr. Justice Duff in the case cited is rather in support of the contention I now make instead of being against it. In the act as it stands at present there is section 8, that is, in the Electricity and Fluid Exportation Act, chapter 54 of the revised statutes of Canada, 1927. It is there. Although it is there, and has been there since 1907, the government of Canada has not attempted to test its validity. Its enforcement has been generally disregarded. I have in mind one licence which I obtained myself, and the extension into the United States was made under such a licence.

Mr. LAPOINTE (Quebec East): Is my hon. friend sure of his ground in making that assertion? My information is that this has been granted by licence many times.

Mr. CAHAN: I think it has never been enforced. It is true that there has been regulation as to the place at which the line crosses the boundary, and, in some instances, some regulation as to the crossing of the boundary, but that is not the full purport of the new subsection 2 of section 6 of this bill. Let me read this new subsection:

No person shall, without a licence, construct or place in position any line of wire or other

conductor or contrivance for the exportation of power or any pipe line or other like contrivance for the exportation of fluid.

That is a line for the exportation of power. That means the line from the generating station or the power station or the transformer station through the province to the boundary and crossing the boundary, and it is that line, mentioned in the new subsection 2 of the bill, over which the government should have supervision and power of regulation. That provision is not within the power of parliament unless that line is previously declared to be a line for the general advantage of Canada.

My next point is in connection with section 8 of the existing act, which is subsection 3 as it now stands in my amendment, which states:

Subject to any regulations of the governor in council in that behalf, the governor in council may grant licences for the construction, placing or laying of any line of wire or other conductor for the exportation of power, or of any pipe line or other like contrivance for the exportation of fluid.

That section is also in the act at present; subsection 3 of my amendment is taken from the present act. The section in the present act states that without a licence no person shall construct or place in position any transmission line, and so on, and that implies that by granting a licence this parliament acquires legislative jurisdiction over the construction or placing in position of any such line. I suggest that parliament has no such legislative jurisdiction, except a declaration be made such as that proposed in the first subsection of this amendment.

The right hon. gentleman, in reading the opinion of Mr. Justice Duff, stated correctly that Mr. Justice Duff held that the construction of the line under section 92 (10) of the British North America Act applied only where the construction of a line was in contemplation. I submit that with regard to these transmission lines for the export of electrical energy, each and every one of them is in contemplation when this general act is passed, and that therefore the very fact that such lines are in contemplation, the very fact that the government assumes that it has the power of regulation with respect to those lines, shows that it is contemplated by this bill that such line or lines is or are about to be constructed. If the right hon. gentleman will assure us that, as long as he is Minister of Justice, in every private bill which is brought before the house a clause will be inserted to the effect that such line or lines as may be necessary to carry out the purposes of that private bill, for the exportation of electrical energy, shall be declared to be for the general advantage of Canada, the same purpose I have in mind undoubtedly will be served. But undoubtedly ministers of government change; others may hereafter sit in their seats. I trust that it will be a long time before there is any change concerning my right hon. friend, unless someone from this side of the house moves over there and holds the portfolio of the right hon. gentleman; but I think it would be advisable, even as a reminder, and it would have no ill effect, to insert a subsection such as the one I now propose in this amendment. If inserted in this bill, for greater caution, it will not serve to invalidate any other act on the statute books of Canada.

Mr. LAPOINTE (Quebec East): It could imply throwing doubts on other statutes.

Mr. CAHAN: Sometimes it would be well, even if it were to throw a doubt upon the validity of prior legislation, that parliament, as in many cases similar, should make such legislation clear beyond all reasonable doubt, even though in some cases the change might be used as an argument by expert counsel. But I cannot conceive that, in dealing with a new matter such as this, in new legislation with regard to the export of power, and in placing such export within the jurisdiction of parliament, any reasonable precautions which we may now take would throw any doubt upon prior legislation.

Furthermore subsection 1 of section 8, as I have proposed it, will apply to all lines established for the exportation of power. It will not raise any doubt with regard to the application of the prior enactment, because the prior enactment will no longer be applicable even to lines already established. When once subsection 1 is enacted by parliament, it will apply to all lines in existence or in contemplation for the exportation of power. So that it is not a sufficient objection, I submit, to say that, simply because we are making section 8 clear now, it might be used by expert counsel as suggesting that prior legislation was invalid or defective. However, I do not intend to press the matter further. I have moved the amendment, and I was hoping the government would feel free to accept it.

Mr. BENNETT: There is in one of our statutes a clause dealing with a matter similar to this in which the language, if I remember correctly, is something like the following: "For greater certainty, but without derogating from the right of parliament to enact this legislation, it is hereby declared," and so on. I am not quite sure, but I believe those are the words.

Mr. LAPOINTE (Quebec East): I am informed it is in the grain act.

Mr. BENNETT: Is that where it is? I recalled the words, but I could not place my hand upon them.

Mr. LAPOINTE (Quebec East): Yes. Of course the hon. member for St. Lawrence-St. George says that if he were sure his amendment would be inserted in every private bill which passes parliament, his purpose would be achieved.

Mr. CAHAN: Quite so; it would be.

Mr. LAPOINTE (Quebec East): Yes. We are of the opinion that this is the only way in which the enactment would be valid and legal. Surely it would make it doubly sure when parliament has the authority. Any promoter or corporation—hydro-electric, or any other one—which would apply to parliament for a law granting them power, for its own security would insert such a clause in the bill. Even if I were to cease to be Minister of Justice, I would see to it that this clause was inserted.

Mr. CAHAN: Would the minister permit me to reply to that?

Mr. LAPOINTE (Quebec East): Yes.

Mr. CAHAN: Simply this, that instead of inserting this proposed amendment, the promoters of a private bill might assume that subsection 2 of section 6 of the bill has no force or effect, unless the work is declared to be for the general advantage of Canada. And having no force or effect they would simply disregard it, and certainly would not seek to impose upon themselves further regulation by the governor in council.

The ACTING CHAIRMAN (Sir Eugène Fiset): Mr. Cahan moves—

Mr. CAHAN: In view of the attitude taken by the Minister of Justice and in view of the fact that he has given assurance that he would regard the insertion of this special clause, subsection 1 which I propose, as a proper clause to be inserted in respect of any special line specially authorized by private bill, and having brought the matter to the notice of parliament, I respectfully ask leave to withdraw my proposed amendment.

Amendment withdrawn.

Mr. STEWART: May I trouble you, Mr. Chairman, to read the provisions of the section as to the price to be charged for power. I find at page 89 of the white paper, among the regulations respecting the export of electrical energy, on January 29, 1929, based on the authority of the order in council of November 4, 1907, the following:

8. Where a supply of electrical energy, gas or fluid is provided in any part of Canada by the contractor for export and home consumption, then the price charged to any person or company in Canada by the contractor shall not exceed the prices at which electrical energy, gas or fluid is sold by the contractor for export in like quantities under similar circumstances.

I take it that the provisions of the bill are almost identical with that. Mr. Chairman, will you read the subsection so that we may be sure?

Mr. LAPOINTE (Quebec East): Is my hon. friend coming back to section 4?

Mr. STEWART: I do not want to reopen the matter, but I just wanted to be sure. It concerns the price to be charged.

Mr. LAPOINTE (Quebce East): It is paragraph (b) of subsection 4 of section 4.

The ACTING CHAIRMAN (Sir Eugène Fiset): This paragraph reads:

The power exported shall not be sold outside of Canada at a price less than the price of power produced and sold under substantially similar conditions for use in Canada.

Mr. STEWART: It is the same, but put the other way around.

Mr. BENNETT: There is a little difference between them. It is the same contractor in the regulation, and it does not necessarily mean the same contract here. That is the only point.

Section agreed to.

Sections 7 and 8 agreed to.

On section 9—Existing licences.

Mr. FINN: Mr. Chairman, if I am in order I should like to make a few general observations with reference to the bill as a whole and to the objections that have been raised by hon. gentlemen opposite. I can well remember last year or 1935 when the leader of the Cooperative Commonwealth Federation was talking in reference to Beauharnois. He suggested that that undertaking be made a public utility and operated under government control. The right hon. leader of the opposition stated at the time—I hope I am quoting him correctly—that the parliament of Canada had no jurisdiction over the rivers and streams in the various provinces except those that were navigable waters, but it did have power to grant or to refuse licences for the export of power. The hon. member for St. Lawrence-St. George has said that the frailties and faults of previous legislation should be avoided, but the question is whether the frailties and faults were in the amendment which he has withdrawn and not in this legislation.

I went to Toronto and had a conference with Premier Hepburn, but I did not go until I had spoken to the Prime Minister. I felt it was my duty to do that as a follower and supporter of his. He told me that he had absolutely no objection to my doing this. I pointed out to him that in Nova Scotia we had had considerable difficulty in connection with the hydro-electric development and with the Nova Scotia Tramways and Power Company in contradistinction to the Halifax Tramways Company. The latter corporation has a net capitalization of $2,000,000 as compared with the capitalization of $13,500,000 of the Nova Scotia Tramways and Power Company. Sufficient power has been developed at St. Margaret bay to run the trams, to light the city of Halifax and for domestic and industrial purposes at no cost to the city.

I felt that personal contact was the best means of ascertaining the position that one should take on a grave issue such as is involved in a private bill to enable Ontario to export its excess power to the United States. I may say that the premier of Ontario was open and above board, and he stated that the contract which he desired to make was a yearly one for a period not exceeding five years. He expected that by means of this contract some $14,000,000 could be made for the province, and he felt it to be his duty as premier to seek to export this surplus power. I felt then as I feel to-night, that if any industry, whether it be manufacturing or otherwise, produces more than the people of Canada can consume, there should be no law to prevent them from exporting their surplus to any country under the sun. I cannot understand why a fine distinction should be drawn between these two types of industry. My personal view is that Ontario should be permitted to export its surplus power to the United States or to any other country.

Last evening the Prime Minister tabled some correspondence in connection with something that is not yet in being. The only forgiving part of the documents tabled is the last letter written by Secretary of State, Mr. Cordell Hull, at the instance of President Roosevelt. That letter is dated March 17, a day on which everyone is convivial and more ready to forgive and forget. The government of the United States took that particular day on which to write to our representative at Washington, Sir Herbert Marler, the document which has been placed on the desk of every hon. member of this house. There is in that document something which seems to be foreign to the relationship that has existed between that great country and Canada. It speaks of the importation of electrical energy from all foreign countries and Canada, a next door neighbour, part of the Anglo-Saxon race, and not foreign in the finer and the more noble sense of what we conceive to be the relationship which has existed in the past. Second, the president of the United States, through his Secretary of State, Mr. Cordell Hull, anticipated legislation being passed by this parliament, and plainly tells us, in cold, calm, black type, "You can pass any legislation you like, but you cannot put that power into my country," the United States, "unless you agree on the development of the deep waterway and making Fort William and Port Arthur the point of departure, passing the great city of Montreal and the city of Quebec as great shipping centres." Thank heaven, there is not a question that the maritimes are interested in that particular phase, although, speaking for myself and repeating the opinion of representative bodies, I believe the people of Nova Scotia are of the opinion that that development would be harmful to the Canadian ports.

I have a great respect for the president of the United States as well as for his Secretary of State, who is an outstanding statesman and a gentleman. Nevertheless, although they are 125 millions of people and we are only 11 millions, we have as much right in this parliament to express our opinion as to what we should do as they have to tell us what we should not do because if we do it we cannot "get by." It is like a sentry-go. The sentry stands at the gate and unless you have the pass word you cannot get in. Unless you have the password from the United States, electrical energy from Canada cannot go into that country, except under one condition, namely the development of the waterway, the development of the St. Lawrence to thirty feet, the deepening of the Welland canal—which has been done—and utilization by mutual understanding and by a distribution of the cost between the United States and Canada.

But let us not forget it is in contemplation —and I have this from those who know— that eventually through lake Erie a canal shall be built to the Hudson river and the shipping shall go down to the city of New York. Thereby our Canadian trade, which should go through Canadian ports, will be diverted through United States channels to United States ports, to the loss of our people who work on the waterfront, and our stevedores, and those whom they support, their wives and their children. Therefore I say that the legislation should stand or fall on its own merits, and without reference to these

absolutely dogmatic statements, spoken ex cathedra, that, "you shall not pass unless you do what we desire you to do, namely, carry out what we hope to get through congress, making a great waterway down the St. Lawrence river for the purpose of having ocean-going ships come up to Port Arthur and Fort William, to the neglect of the ports that are intervening on the great St. Lawrence river."

These, as I see them, are the facts. If I am wrong, hon. members can draw my attention either now or later to any mistake. I am always open to conviction, even to that which was said to me to-day that perhaps, instead of coming in at the door behind me, one of these days I might be coming in at the door opposite, and I said, "Well, if conditions changed I might be coming in at that door when I should have been coming in at this door." But that is just by the way I see no reason why I should change the door, and I see no great reason why the people of Canada should change the door either.

Under these conditions I would, if a private bill were introduced, vote to give Ontario the right to export its surplus power. I see in the press to-day a statement by the hon. member who resigned his seat in this house to become the leader of the Conservative party in Ontario, who "Rowe-d" himself from here to the capital of that province, there to sit as the leader of the Conservative party, with the design of later becoming premier. He rowed himself there; he rowed himself back, and he rowed himself into this house through the graciousness of the Prime Minister, the members of the government and others supporting the government, who gave him a seat in this house by acclamation. He goes back to Ontario and tells the people there that Mr. Hepburn does not represent anything, that he is a hydro-electric acrobat. If there is any greater acrobat than the hon. member, who is up there performing some acrobatic feats, and who is going to meet defeat, I should like to know what his recipe is, because some time, a hundred years from now, it might be that the Liberal party would need to use it, when we who are here have all gone and with us, our senses and knowledge of things on earth; we shall be in the—

Mr. LAPOINTE (Quebec East): Kingdom of heaven.

Mr. FINN: No, I would not say, Mr. Chairman, in the kingdom of heaven, but I was going to say, up in the world of Marie Corelli.

An hon. MEMBER: Where is she?

An hon. MEMBER: Put it in French.

Mr. FINN: Some hon. gentleman says, "Put that in French." If he desires it put in French and he will write it down, I shall try to pronounce it, and if I am wrong in my pronunciation I shall take my seat.

The final point is this, that if we hope to keep the provinces of Canada together in their great confederacy, we must of necessity preserve local autonomy as well as the stronger legislative right of the parliament of Canada over matters of general concern. Matters that are set out in section 92 belong to the provinces, and the powers set out in section 91 are specifically within the jurisdiction of the parliament of Canada; in the words of the leader of the opposition, "for greater certainty" it is in the British North America Act, in section 91, that all powers which are not within the purview of and set out in section 92 shall remain and be in the parliament of Canada. There we find the residuum of power in the federal government and in the government of the country—the government of to-day and of the future, which I believe will be the present government.

I desired to say what I have said only because I had an opportunity of discussing the matter with the premier of Ontario and I felt that, having done so if I sat in my seat and said nothing he would think I was like the young man of sixteen about to die. He ascended the scaffold; they put the black cap on his head and the noose around his neck, and the sheriff said to him, "Have you anything to say before we spring the trap?" He said, "Yes, I have. I am sixteen years old and about to die. So soon I am done for, I wonder what I was begun for." So let Mr. Rowe row himself back.

Mr. LAPOINTE (Quebec East): I move:

That section 9 be struck out and that the following be substituted therefor:

9. That the said act is further amended by inserting, after section 10 thereof, the following:

11. Nothing in this act contained shall affect any licence existing at the date of the commencement of the Electricity and Fluid Exportation Act Amendment Act, 1938, and every such licence may, notwithstanding the repeal of any of the provisions of this act by the said Electricity and Fluid Exportation Act Amendment Act, 1938, be renewed from time to time or revoked by the governor in council in the like manner and circumstances and with the like result and subject to the like terms and conditions as if such provisions had not been repealed but remained in force.

Amendment agreed to.

Section as amended agreed to.

Bill reported.

SUPPLY

USE OF CANADA'S FINANCIAL RESOURCES FOR ELIMINATION OF POVERTY—AMENDMENT OF MR. BLACKMORE

The house resumed from Monday, March 14, consideration of the motion of Mr. Dunning for committee of supply, and the amendment thereto of Mr. Blackmore.

Right Hon. R. B. BENNETT (Leader of the Opposition): When the house adjourned on March 14, I was directing attention to certain matters in the absence of the Minister of Finance (Mr. Dunning), and as I understand that some doubt has arisen as to the correctness of the observations which I made, I desire to point out just what the facts are, reading from the weekly report of the Bank of Canada.

On the 30th day of April, 1936, the weekly report was in form C of the statute creating the bank, and under the title, "Advances to provincial governments," there appears the sum of $2,000,000 total of such advances. The same continues in the issue of May 6, May 13, May 20, May 27; and on May 30 the amount is increased to $3,000,000 under item 4, subclause (b), provincial governments, $3,000,000, total, $3,000,000. That is on May 30. It continued to be $3,000,000 for the weeks ending Wednesday, June 3, June 10, June 17, with an advance of $300,000 on the last date also to chartered banks. It continued at $3,000,000, on June 24, June 30, July 8, July 15, July 22, July 29, July 31, August 5, August 12, August 19, August 26, August 31, being for the month. On September 2, being for the week ending on that Wednesday, it was still $3,000,000; on September 9, $3,000,000; on September 16, $3,000,000; on September 23, $3,000,000; on September 30, $3,000,000; on October 7, $3,000,000; on October 14, $3,000,000; on October 21, $3,000,000; and on October 28, $3,000,000. On October 31, being the monthly statement, the amount under item 4, provincial governments, is reduced to $1,000,000, and for the first time, for the week ending Wednesday, the 28th, it appears in an amended form. The reserves in sterling and United States dollars are combined into one amount, and the investments of dominion and provincial governments' short term securities are combined, and likewise with respect to dominion and provincial securities under (b). These are combined for the first time in the report of October 28, 1936. On October 31 the advances to provincial governments are reduced to $1,000,000. On November 4 the amount is still $1,000,000, and on November 10 and November 18 and November 25 it is still $1,000,000. In the monthly statement of the end of November, 1936, that $1,000,000 disappears, since which time the form of C is, as I have indicated, amended by combining the reserves in sterling and United States dollars under one heading, and the investments in dominion and provincial short term and long term securities under one heading. The increase in dominion and provincial securities does not indicate whether or not it was brought about by the payment off of the $3,000,000 advances to provinces, but it does indicate an increase of that $1,000,000.

I desire to protest against the change of form in the Bank of Canada statement, the weekly statement and the monthly statement. We all know why the form was made as it was. It will be recalled that when the commission investigated the necessity for a central bank in Canada, one of our leading gentlemen of wide financial experience pointed out that there were grave dangers in permitting the purchase of sterling and United States exchange without some limitation being imposed upon the exercise of that right. Everyone in this country, be he banker or otherwise, looking at the form of statement which we appended to the Bank Act, could ascertain exactly at the end of each week how much was held in United States funds. He could know also the exact amount held in sterling. To-day the two are combined, and it is no longer possible for either banker or other individual to ascertain how the sum total of these two exchanges is made up.

Mr. ILSLEY: Why should it be?

Mr. BENNETT: Just for the reason that it was provided in schedule C in order that anyone looking at it could know how much was in sterling and how much in United States funds.

Mr. DUNNING: What public interest would be served by that?

Mr. BENNETT: The public interest of knowing exactly how the funds of this bank are being utilized.

Mr. DUNNING: That is not a public interest.

Mr. BENNETT: As was pointed out by Sir Thomas White when he made his dissenting report, the reason is that the public, which now owns the majority of this bank's shares, that I as an individual might know, to what extent sterling exchange was being acquired and to what extent United States exchange was being acquired by this bank for its reserves. I have a right to know that. Any man in this country has a right to know

it, because we have put our guarantee behind the deposits of the banks. The banks protested against leaving to the discretion of one or two men the acquisition of reserves either in sterling or in United States dollars for the purpose of creating the reserves which have the purpose indicated the other evening by the hon. member for Rosthern (Mr. Tucker) Now we are told that these two must be combined. I should like to know the reason why they are combined.

Mr. ILSLEY: I can tell my right hon. friend.

Mr. BENNETT: Well, I suppose, in due season we shall learn, because the government for some reason made the change.

We come now to the next point. The government still left the form as to advances to the dominion government and provincial governments and chartered and savings banks as it was in schedule C of the original act. But when we come to deal with investments, the very difficulty which I pointed out has arisen, namely, including in investments dominion and provincial securities, short term and long term, a combination of the two without making it possible for any man to know what became of that $3,000,000 of advances to the provinces. Has not every citizen of this country, every person in every province of this dominion, the right to know why $3,000,000 is advanced to one province or two provinces, and other provinces are refused advances? How otherwise will he know it? Is that not the very purpose for which schedule C was provided, namely, that there should be a clear, distinct severance of the advances made under the item of investments for dominion government short term securities? They stood by themselves as item (a). Then we had (b), provincial government short term securities; (c), other dominion government securities; (d), other provincial government securities; (e), United Kingdom, other British dominions or United States securities of maturities exceeding three months.

That has now been modified by order in council, and the form no longer enables me or any other member of this house or any member of the public to ascertain what sum has been invested by the bank in the different classes of these securities, namely, short term dominion, short term provincial, long term dominion and long term provincial. That, I submit, is at variance with the very principles which underlie the maintenance of this bank. I want to make it clear that it is just such things as that which brought about the criticism of central banks. We are now just starting with a central bank; it is desirable that we should not get into a position where criticism of a kind that has been waged against some banks should be made against us. One of the important matters in connection with this legislation was that schedule C attached to the act made clear exactly what investments were made in the securities of provinces and the dominion, either short or long term.

I come now to another matter which should be considered. The other evening I pointed out that in dealing with the question of this bank there was a phase of it of which I wished to speak when the Minister of Finance was present. On July 5, 1935, we provided for the establishment of an exchange fund. Great criticism was waged against the government of the day because we provided that, when the gold in the hands of the banks or the dominion was realized, any profit should accrue to the dominion, after making provision for the foreign obligations of the banks at their branches in various parts of the world. The Minister of Finance finally arranged with the banks that forty per cent of their gold reserves should be kept by the banks for the purpose of providing for their foreign obligations; but sixty per cent of the gold held by the banks, as well as all the gold held by the Minister of Finance, passed into the hands of the Bank of Canada. Under the Exchange Fund Act, passed July 5, 1935, we provided that this gold should be converted at the then market price, and that the Minister of Finance should derive the benfit from the revaluation of that gold at the higher price. That, in fact, was done. In order that there may be no difficulty with respect to that, I direct attention to the language used by the governor of the bank at its annual meeting, so that we may have a clear appreciation of the fact that by legislation which we enacted in 1935, this country made a profit of $63,000,000 on its gold. At page 6 of the report of the governor of the bank to the first annual meeting, on February 25, 1936, we find these words:

> The largest item on the asset side of our balance sheet is gold, valued at $180,509,342. When we commenced operations we acquired gold to the value of $106,584,355, of which $69,455,439 came from the dominion government and $37,128,916 from the chartered banks. Settlement for this gold was effected on the basis of the statutory value of $20.67 an ounce. Subsequently, the Exchange Fund Act required us to value the gold at the current market price. The resultant profit of about $73,500,000 did not accrue to the Bank of Canada. Section 30 of the Bank of Canada Act had provided that any profits on gold transferred to the bank would pertain to the dominion government, but it gave the governor in council power to allow the chartered banks

to receive the profit on gold transferred by them, to the extent that such gold was deemed to have been held against liabilities elsewhere than in Canada. The governor in council determined that 40 per cent of the banks' gold had been so held, and as a result the chartered banks received $10,475,114. The balance of the profit, namely, $63,006,382, was credited to the exchange fund of the dominion government, and future profits or losses on gold held by us will be credited or debited to that account.

It should be noted that the valuation at which gold is entered on our balance sheet represents the amount which should be obtained in Canada if the gold were to be shipped to London or New York on the date of the statement. In other words, we apply the realizable value instead of an arbitrary one, and are not restricted to the price prevailing in any one particular market.

The point is that the report of the governor indicates that we made a profit of $63,000,000, and that future profits or losses on gold held by us will be credited or debited to that account. But last year I asked the government whether an order in council had been passed bringing section 6 of the Exchange Fund Act into force, and the answer was no. Section 6 of that act reads as follows:

6. (1) For the purpose of endeavouring to control the external value of the Canadian monetary unit or of checking undue fluctuations in its exchange value the minister may directly or through such agencies as he may designate cause any balances in the special account to be invested in

(a) gold;

(b) foreign exchange as defined in section twenty-six, subsection two (b) of the Bank of Canada Act; and

(c) balances with any bank in London or New York designated by the Minister of Finance.

(2) Gold or other investments purchased under the provisions of the preceding subsection may be resold on instructions from the minister.

(3) This section shall not come into force until a date to be fixed by proclamation of the governor in council published in the Canada Gazette.

Then section 7 provides:

7. The minister may from time to time cause any portion of the balances in the special account to be employed by the Bank of Canada in the purchase of securities of or guaranteed by the Dominion of Canada. In the exercise of the powers conferred by this section the minister is authorized to make such arrangements as in his opinion will conduce to the immediate availability of the funds employed as aforesaid. The proceeds of all sales of investments made under the authority of this act, and all earnings and interest accruing thereon, shall be paid into the special account and shall be available for the purposes of the account.

Then there is provision for winding up the account. What I should like the minister to make clear is what if anything has been done with respect to that account. An order in council had not been passed last session, and so far as I know there is nothing in the Gazette which would indicate that it had been passed since.

Mr. DUNNING: It has not been passed.

Mr. BENNETT: It has not been passed. Therefore the account, with the credit of $63,000,000 to the receiver general or the Minister of Finance, still stands. It occurs to me, having regard to the language that is used in the statute, that we have a right to some explanation as to the availability of the $63,000,000 which accrued to our credit with respect to the transactions in gold.

Mr. DUNNING: It is available.

Mr. BENNETT: I assumed that it would be available, naturally. It should be, at any rate.

Mr. DUNNING: You asked the question.

Mr. BENNETT: Surely, but I think it should have been available without the question having been asked.

Mr. DUNNING: Then why ask it?

Mr. BENNETT: Because it has not been available; that is the reason. The real fact is that so far as we are concerned, a profit of $63,000,000 accrued by reason of the late administration taking what some of our friends thought was an unfair proceeding, namely, taking over the gold from the chartered banks. The reason for doing so was obvious and did not require any discussion. The banks never were authorized to be dealers in gold. They were authorized to hold gold as reserves against their note issue, and when we took over the responsibility the reserves that they held for their notes passed into our hands. We made a profit of $73,000,000, of which $10,000,000 went to the banks on their external business, leaving a net profit of about $63,000,000 on what we took over from the banks and what was in the Department of Finance.

All I suggest to the Minister of Finance is that we should have a clear indication of what has been done under that Exchange Fund Act, with respect to which I remember that the Minister of National Defence (Mr. Mackenzie), who was then the leading authority upon monetary matters, made some pertinent observations. It has a very direct bearing upon what was said by the hon. member for Rosthern and others in this house during the current session; for it meant that we had $63,000,000 available for the purposes of this country, any purpose that might be thought desirable in view of the fact that the

government at no time thought it necessary to utilize the money for the exchange stabilization fund. Of course I am not unmindful of the fact that a former Minister of Finance, Sir Thomas White, indicated that in his opinion stabilization operations should not be undertaken, and the Minister of Finance tells me that they never have been undertaken.

Mr. DUNNING: I am not agreeing with Sir Thomas White.

Mr. BENNETT: I do not suggest that.

Mr. DUNNING: As yet there has been no occasion to use the fund for the purpose.

Mr. BENNETT: I shall make it perfectly fair and say that no proclamation has been issued by the governor in council putting the act into force, and that in the opinion of the minister no occasion has arisen for the utilization of any stabilization exchange fund.

I desire now to direct attention to what I conceive to be a statement which may be very harmful, and I cannot think that the minister really meant it in the terms he used the other evening. I want to quote his exact words, in order that there may be no misunderstanding as to my correctly stating his position. I am now looking at page 1151 of Hansard. Dealing with the question of the $350,000,000, the minister said:

An increase of say $350,000,000 in chartered bank holdings of Bank of Canada notes would increase their cash reserves from the present figure of about $250,000,000 to $600,000,000, and their cash ratio from about ten per cent to roughly twenty-one per cent.

The sponsor of the suggestion contends that no inflation is intended or would result by thus increasing bank cash, so long as the gold cover of the Bank of Canada did not fall below the twenty-five per cent minimum. This factor, however, is not a test of inflation. If the banks use their increased cash in the normal way, as a basis for the extension of roughly ten times as much in loans to the public, or for the acquisition of ten times as much in investments, bank deposits would expand by approximately an equal amount until the cash ratio was brought down again to approximately ten per cent. This would mean an increase in bank deposits from the present level of about $2,387,000,000 to something like $6,000,000,000, or more than 2·6 times the level of December 31, 1929. Am I merely old fashioned or orthodox when I say that this would mean a colossal measure of inflation?

I doubt if any observation more serious than that has been made by any responsible minister for a very long time. The other evening the Minister of Finance suggested seriously to the house that an increase in deposits of $350,000,000 would increase the loans by ten times that amount, namely three and a half billion dollars, and he adds the three and a half billion to the $2,800,000,000 and makes a total of over $6,000,000,000. It is just such talk as this, Mr. Speaker, that causes difficulty in this country. It is just because the uninformed in this country have believed that which is not so, that we have the condition we now have.

Mr. ILSLEY: May I ask a question? Has my right hon. friend not confused reserves with deposits? I listened attentively to him and what he said now was that the minister had said that an increase in deposits of $350,000,000 would lead to the result stated. It was not deposits at all; it was cash reserves.

Mr BENNETT: I am reading the exact language used by the minister the other evening.

Mr. DUNNING: Cash reserves.

Mr. BENNETT: Just a minute. He says:

If the banks use their increased cash in the normal way, as a basis for the extension of roughly ten times as much in loans to the public—

Mr. DUNNING: "Their increased cash."

Mr. BENNETT: Hold on; that is $350,000,000 deposit.

Mr. DUNNING: No, no.

Mr. BENNETT:

—or for the acquisition of ten times as much in investments, bank deposits—

Note "bank deposits."

Mr. ILSLEY: Yes.

Mr. BENNETT:

—would expand by approximately an equal amount until the cash ratio was brought down again to approximately ten per cent.

And now follow the words:

This would mean an increase in bank deposits from the present level of about $2,387,000,000 to something like $6,000,000,000.

Mr. ILSLEY: That is all right.

Mr. BENNETT: "All right?" It is the most monstrous nonsense ever put upon a record. What is more, if the Minister of National Revenue knows anything about it, he would admit it at once The idea of saying that the increase of deposits of $350,000,000—

Mr. DUNNING: I did not say that.

Mr. BENNETT: I am reading exactly what was said.

Mr. DUNNING: My right hon. friend is repeatedly missing the initial sentence which he himself read. That sentence spoke of—

Mr. BENNETT: I have no right to be interrupted when I am reading the language used by the minister.

Mr. DUNNING: I object to being deliberately misquoted.

Mr. BENNETT: The hon. gentleman will have to withdraw that. There is no deliberate misrepresentation. I have read from this record.

Mr. DUNNING: I am asking my right hon. friend to read the words.

Mr. BENNETT: And I have done so

Mr. DUNNING: And he has conveniently omitted the important words.

Mr. BENNETT: I did not do any such thing. What is more, I will read them again; let there be no misunderstanding:

If the banks use their increased cash—

That is the deposit of $350,000,000—

Mr. ILSLEY: No, the reserves.

Mr. DUNNING: What about the previous words my right hon. friend read? He read them once; now he is omitting to read them.

Mr. BENNETT: Mr. Speaker, surely I might be permitted to rely upon the language of the Minister of Finance in his delightful essay. I shall read it.

An increase of, say, $350,000,000 in chartered bank holdings of Bank of Canada notes—

Mr. DUNNING: Exactly.

Mr. ILSLEY: That is, reserves.

Mr. BENNETT: That is not reserves, for that purpose.

An increase of, say, $350,000,000 in chartered bank holdings of Bank of Canada notes—

I shall finish, if I am given the opportunity.

—would increase their cash reserves from the present figure of about $250,000,000 to $600,000,000, and their cash ratio from about ten per cent to roughly twenty-one per cent.

Mr. ILSLEY: That is it, exactly.

Mr. BENNETT: But that is not what I am dealing with. I now come to the next paragraph.

The sponsor of the suggestion contends that no inflation is intended or would result by thus increasing bank cash—

"By thus increasing bank cash"—note that.

Mr. DUNNING: Yes.

Mr. BENNETT:

—so long as the gold cover of the Bank of Canada did not fall below the twenty-five per cent minimum—

That is $150,000,000, being twenty-five per cent of $600,000,000.

This factor, however—

[Mr. Bennett.]

And here are the words:

—is not a test of inflation. If the banks use their increased cash in the normal way, as a basis for the extension of roughly ten times as much in loans—

Mr. DUNNING: Yes.

Mr. BENNETT: Mark you, ten times as much in loans. That is, $3,500,000,000, as the minister himself points out on the succeeding page.

—to the public, or for the acquisition of ten times as much in investments, bank deposits would expand by approximately an equal amount—

Mr. DUNNING: Yes.

Mr. BENNETT: Is that not absurd?

Mr. ILSLEY: Equal to the loans. The deposits will increase—

Mr. BENNETT: But the loans, he says, will be ten times $350,000,000, or $3,500,000,000. Listen:

This would mean an increase in bank deposits from the present level of about $2,387,000,000 to something like $6,000,000,000, or more than 2·6 times the level of December 31, 1929. Am I merely old fashioned or orthodox when I say that this would mean a colossal measure of inflation?

There is the language of the minister.

Mr. DUNNING: And that is right. I still stand by every word of it.

Mr. BENNETT: The hon. gentleman might be compelled to, I should think.

Mr. DUNNING: If I made a mistake I would admit it. I am willing to have it pointed out.

Mr. BENNETT: And I am going to point it out. The language used by the minister is:

Bank deposits will expand by approximately an equal amount—

That is, $350,000,000, and that there would be a credit expansion of $3,500,000,000. Now, everywhere in this country men have been going to and fro telling the people: "All you have to do is to have deposits, and the banks can lend ten times that much money."

Mr. ILSLEY: No.

Mr. BENNETT: That is what has been going on all over Canada.

Mr. ILSLEY: Reserves.

Mr. BENNETT: Ten times the amount—that is what the minister said.

Mr. DUNNING: He did not; no, he did not.

Mr. BENNETT: Let us read it; let us have no misunderstanding. He will not deny what is written here.

Mr. DUNNING: Exactly.

Mr. BENNETT:

This would mean an increase in bank deposits from the present level of about $2,387,000,000 to something like $6,000,000,000. If the banks used their increased cash in the normal way, as a basis for the extension of roughly ten times as much in loans to the public, or for the acquisition of ten times as much in investments, bank deposits would expand by approximately an equal amount—

Mr. DUNNING: Yes.

Mr. BENNETT:

—until the cash ratio was brought down—

That is, the deposits, enabling ten times that loan to be made.

Mr. DUNNING: No, no, no.

Mr. BENNETT: Here are the words.

Mr. DUNNING: The cash made it possible, not the deposits.

Mr. BENNETT: The language of the Minister of National Revenue was that loans create deposits. That is exactly what he said. Of course I do not know what he meant.

Mr. ILSLEY: I did not say that, but it is true.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: I am quite accustomed to hon. members laughing. That does not answer the question at all. There is the statement respecting "ten times," and what is more, the statement that bank deposits would expand by approximately an equal amount.

Mr. DUNNING: Yes.

Mr. BENNETT: That is, following the next figure, $3,500,000,000 which added to $2,387,000,000 would make something like $6,000,000,000.

Mr. DUNNING: Yes.

Mr. BENNETT: And now there follows the observation of the Minister of National Revenue that every loan creates a deposit. Mr. McKenna, in one of his annual statements, said that every loan creates a deposit. That is true only to the extent to which the deposit may not either in whole or in part be withdrawn from the bank. That is, to the extent to which cash may be carried about or withdrawn and placed in a safety deposit box or elsewhere, that statement is not true. I may go to a bank today and ask for a loan of a thousand dollars, and the bank may grant the loan. It places to my credit $1,000. Therefore a loan has created a deposit. But if I put $500 of it in my pocket, it has not created a loan for other than $500 because until such time as it again reaches a deposit in some institution, it is not a loan creating a deposit. That is so simple, it seems to me, as not to require any argument.

But let us see how far we may carry that statement. In days gone by I have heard it a great many times in this chamber from one of my friends who sat to my left, but who is not now in the house. I refer to Mr. Spencer. I wonder how many members of this house recall the story of the Merchants Bank of Canada, which negatives the whole statement that has thus been made. I wonder if they remember that the Merchants Bank of Canada was apparently one of the strong institutions of this country. It had a paid up capital of $10,500,000, with a rest fund of $9,450,000. It had a dividend rate of twelve per cent and the notes in circulation totalled $13,239,700. Deposits payable on demand totalled $38,345,152; those payable after notice, $88,087,635, and deposits elsewhere than in Canada, $3,204,602. The total liabilities of the institution were $161,507,349. On the asset side there was over $4,000,000 in gold, dominion notes amounting to $5,500,000 and $530,000 as security of its notes. There was $3,500,000 deposited in the central gold reserve, while dominion government and provincial government securities amounted to $14,000,000. Canadian municipal securities and British, foreign and colonial securities were valued at over $8,700,000, while railway and other bonds and debentures amounted to over $5,000,000. Call and short loans in Canada, not exceeding thirty days, amounted to over $7,000,000, while call and short loans outside Canada totalled over $4,700,000. Current loans and discounts in Canada amounted to $102,857,000, while those outside Canada totalled $1,110,000. Loans to provincial governments amounted to $205,000, and to cities, towns, municipalities and school districts, $3,800,000. The total assets were $182,004,625.

That was the condition of the bank as reported for November 30, in the Gazette of that year. On December 31 it was apparent that the deposits of the bank were falling away, and at that time we had to accept a very great responsibility. The Merchants Bank of Canada was failing. I use this illustration to bring home to my hon. friend this fact notwithstanding all that has been said and may be said, one fact remains as a

grim reality about this business of banking. Here was this institution with its deposits, time and demand; with its loans; with its gold and with its securities, and there is the report as it stood at the end of November. At the end of December there had begun a shrinkage of deposits, and before the end of that month it is known to hon. gentlemen that the government of the day had to take the responsibility of either seeing the bank fail or permitting the Bank of Montreal to save it. I wonder if the efforts made by the Bank of Montreal to save the Ontario bank are known to hon. members of this house? I wonder if they appreciate the circumstances under which that was done? If the statement as indicated in the speech of the minister may be relied upon, this bank never should have failed.

Mr. DUNNING: My statement had nothing to do with an individual bank; it referred to the whole chartered banking system in relation to the central bank. My right hon. friend knows that.

Mr. BENNETT: I am dealing with exactly what the minister said applied to the banks about which he knows something. I refer to the Ontario bank; I refer to the Merchants Bank of Canada; I refer to the Northern Crown bank; I refer to the Union bank. Why did these banks fail? Why were they taken over by other institutions? That is the grim reality which we are now placing before the people of this country and which has not been placed before them in the statement. It is not sufficient to talk about every loan creating a deposit; for if every loan created a deposit, the Merchants Bank of Canada would have had deposits to meet anything.

Mr. DUNNING: If my right hon. friend will permit me?

Mr. BENNETT: Permit me to finish what I am doing.

Mr. DUNNING: I did not say that with reference to any single bank.

Mr. BENNETT: I am talking about the realities of this situation. Unfortunately or fortunately I have been through many of these experiences in my time. I have been a director of a bank, and I know something of the reasons why many of our chartered banks have been absorbed. People talk about amalgamation; but I can tell the house that the government of that day had to take the responsibility of permitting the Merchants bank to be acquired by the Bank of Montreal or we would have had one of the most amazing spectacles that could have been witnessed in this country. We would have had a situation that would have beggared description. Here was a bank with assets amounting to nearly $200,000,000, and there was this vast accumulation of cheques on Saturday which would be presented on Monday and which the bank could not pay.

Mr. DUNNING: Had not enough quick assets to meet them.

Mr. BENNETT: Quite. What happened to the Union bank? Does anyone suggest that the Royal bank wanted to take over the Union bank? They were asked to do that by the government of the country.

Mr. DUNNING: And the Weyburn Security bank.

Mr. BENNETT: That was taken over by the Imperial bank for the same reason. There was also the Northern Crown bank. We had this situation developing which I think every hon. member should understand clearly. When you go about and make the observation that every loan creates a deposit when there are not sufficient deposits to pay every cheque that comes in, you are inducing the people to have an entirely erroneous understanding of the whole situation. I use this illustration to indicate that when unfortunately loans have been frozen beyond the ability of the bank to produce the money to pay, then my deposit has passed from it. That is what I want to make clear. I want to make it clear that this statement so often made by so many people is misleading. Sometimes they think they are well informed, but they forget that the grim realities of the situation are these: Unless a bank is in a position to meet the cheque which is presented by its depositor, the bank is insolvent. It does not make any difference how much it has in loans, it must be able to pay your cheque. That is what it must be able to do because your cheque is payable on demand, unless you have a time deposit.

Mr. ILSLEY: The right hon. gentleman is talking as though deposits were an asset of a bank when they are in fact a liability.

Mr. BENNETT: I have not suggested that they are anything else.

Mr. ILSLEY: You are basing your whole argument on that fallacy.

Mr. BENNETT: I am not doing any such thing. If the hon. gentleman cannot follow me, it is not my fault. The statement is made that every loan creates a deposit, and a loan is an asset.

Mr. DUNNING: With regard to the banking system that statement is broadly true, but it may not be true with regard to an individual bank.

Mr. BENNETT: If it is not true with regard to an individual bank, it is not true with regard to the banking system. In other words, the Minister of Finance puts forth this strange doctrine, that this is true with respect to the system but it cannot be applied to the elements which go to make up the system.

Mr. DUNNING: That is quite true.

Mr. BENNETT: It is not true.

Mr. DUNNING: Where did the money go that was withdrawn from the Merchants bank by the depositors?

Mr. BENNETT: It was in loans that created deposits, and the loans were frozen. They were unable to pay the claims made against them and there was a decrease in deposits.

Mr. DUNNING: My right hon. friend has misunderstood my question.

Mr. BENNETT: The deposits in the bank decreased only a reasonable amount. I have them beside me. The loans on December 31—

Mr. DUNNING: It is the deposits you want.

Mr. BENNETT: I am taking the loans now. Please permit me to do one thing. The loans in Canada on December 31, 1921, were $91,000,000, while in the month before they were as I read, $102,857,000. Call and short loans outside Canada were $4,700,000, and they had fallen to $3,900,000; call and short loans in Canada, that is loans on demand, were practically $5,596,000 as against the $7,000,000 that existed at the end of the preceding month. In so far as the deposits are concerned, this was the story. Deposits payable on demand at the end of November amounted to $38,000,000. Demand deposits had fallen to $35,800,000—not a very large amount.

Mr. DUNNING: At what date?

Mr. BENNETT: The next month. And deposits payable after notice at the end of November, amounted to $88,000,000; they had fallen to $76,000,000 in December. The result was that, with just that small variation of $15,000,000, because of the nature of the loans the bank was unable to carry on.

I could multiply these instances if it were thought desirable, but I mention this for the purpose of trying in my own poor way to remove from the minds of some of our friends the thought that money is made merely by lending it. Every hon. member knows that in western Canada people go about and make the statement that all you have to do is to make loans enough and your deposits will be large enough to do anything with them.

An hon. MEMBER: You cannot do it personally, in your own business

Mr. BENNETT: Of course not. That is the position to which I desire to direct attention. I do not do this for the purpose of finding fault; I am trying to induce the minister to remedy what I conceive to be a misapprehension on the part of many people with respect to that matter. Unconsciously, and not with any intention at all, the statement made at the pages to which I have referred was calculated to and did leave an erroneous impression on the minds of those who read it. I do not mean—

Mr. DUNNING: Mr. Speaker, I object to the word "calculated." It is not calculated to leave an erroneous impression.

Mr. BENNETT: How about "deliberate"?

Mr. DUNNING: I withdrew it.

Mr. BENNETT: No; the hon. gentleman did not.

Mr. DUNNING: Well, I do now. I think I did.

Mr. BENNETT: Once more, how evil it is to think of things that are not done. I say, "had the effect." When I use the word "calculated," do not think for a minute I suggest that the minister calculated it. I used the word in its proper sense—was calculated to and did leave an erroneous impression on the minds of those who read it. That, I think, is the proper and correct use and intention of the word.

Mr. DUNNING: I object to it.

Mr. BENNETT: If there is any doubt about it, I shall put it in this way—had the effect of leaving that impression on the minds of those who read it.

Mr. NEILL: Was likely to.

Mr. BENNETT: The hon. member for Comox-Alberni (Mr. Neill), with that fine and nice distinction with which he uses words, suggests that I should say "likely to," and I am quite content to do so.

I should particularly like, before I turn to another matter, to leave on the minds of my friends to the left this clear impression, that banks do not make money in that sense, nor do they make credit, unless they have real deposits with which to make it. That is the fact.

Mr. DUNNING: That is what I said. Cash. It started with cash, Bank of Canada cash.

Mr. BENNETT: The hon. gentleman may change his words as much as he pleases. I have read them.

Mr. DUNNING: No; I am quoting them. Cash.

Mr. BENNETT: I quote them also. So they must have a kaleidoscopic way of appearing; they appear one way to me and another way to him.

Mr. DUNNING: Perhaps that is a fair way to put it.

Mr. BENNETT: Let us turn to another point, the question of the negotiation of $35,000,000, to which the minister referred. At page 1145 of Hansard he said:

> However, no action was taken until about the close of this deflationary period, in November, 1932.
>
> Mr. Bennett: And the exchange situation was the cause.
>
> Mr. Dunning: Yes. I shall give my right hon. friend credit, if he will have patience.
>
> Mr. Bennett: I am not concerned with that.
>
> Mr. Dunning: —when my right hon. friend persuaded the chartered banks to issue $35,000,000 under the Finance Act in order to relieve the cash shortage which had developed and which threatened to become more acute. I am not inclined to criticize my right hon. friend for the action he then took, certainly not for his general objectives. My real criticism would be directed rather against the tardiness of and perhaps also the lack of vigour in his measures. I realize, of course, that the machinery which was available to his hand was inadequate and cumbersome, and that any bold and aggressive measures would have been bound to meet the strongest possible resistance from the orthodox financial world.

I am going to direct attention to the language in that regard of the governor of the Bank of Canada. I mentioned a matter which I think the house should always keep in mind when dealing with this problem, that is, that we are different from Australia, for instance, whose only creditors were Great Britain and themselves. We found ourselves owing vast sums of money to the United States of America, they being in fact our principal creditor, if you take into account loans to corporations, private and public, to our state, and to the provinces and municipalities. We also owed large sums in England. On the one hand you had the exchange with respect to the pound sterling, and on the other hand the difficulties in connection with exchange with the United States of America. The Minister of Finance suggests that there was a certain measure of tardiness with respect to the action that was taken. May I remind the house that in 1932, when the empire agreements were being considered, the Liberal party voted to tie the dollar to the pound. They voted as a body to that effect. We resisted that; for to tie the dollar to the pound at that time would have done incalculable harm to this country, in view of what happened afterwards. We had on the one hand to pursue a course which would not raise exchange to any higher point than it had risen with the United States, where we had payments to make at that time in gold or its equivalent; and we had on the other hand to maintain our exchange position with Great Britain, Great Britain herself being in a most difficult position with respect to exchange. What did we do? We pursued the middle course, and we maintained so far as possible for our dollar a value that lay in between the pound on the one hand and the United States dollar on the other. Hon. members must know of the attention given to that matter by the Bank of Canada, which had to consider it on more than one occasion. I shall content myself with reading these words from page 13 of the first report of the Bank of Canada:

> The Canadian dollar has exhibited a remarkable tendency, when not at parity with the pound or United States dollar, to take up an intermediate position. Obviously, in the long run, the purchasing power of our dollar must approximate that of the United States dollar and the pound sterling, or there would be a marked divergence in exchange rates. From the point of view of short term movements, it is probable that the large volume of United States and United Kingdom investments in Canada, and the existence of so many Canadian bonds payable in two or three currencies—a feature of our financial economy which is not found to an important degree in any other country—have had a tendency to restrict fluctuations in our exchange rate. A discount on the Canadian dollar in the United States encourages purchases of Canadian securities; a premium encourages selling; and the situation vis a vis the United Kingdom is the same.
>
> One must add to this statement by pointing out that relative price levels in the security markets of the three countries, and the degree of confidence in our position, are important factors in security transactions.

So that we have the authority of the Bank of Canada for the position which we took. But I think it well in this particular to point out that exchange rates in the United States rose to the very high figure of 25 per cent, and at one time higher still. In other words the Canadian dollar was worth only seventy-five cents, and at one time a little less. Confronted with that position, we dared not anticipate and take the action which we took in 1934; for to do so would have been ruinous to the confidence which we must

restore in the United States to save our credit in that market. Gradually, what did we have to do? We had to restrict imports so as to build up in that market a currency balance which would enable us to push our dollar up to as near parity as possible and restore public confidence in our securities. That we did, and it was a difficult process. That we did also in the United Kingdom, and that, too, was a difficult process. I should like to point out, lest there be misunderstanding on that score, just what did happen with respect to that matter, because it must be within the knowledge of hon. members that we had not only a difficult task, but a task which was a legacy from the former administration. The Minister of Finance must know exactly what the trend of the trade was when he left office. He knew that an adverse debt balance had been created in this country. He knew that we had this terrific responsibility with respect to interest charges on our obligations, private and public, as well as municipal in the markets of New York, and he knew also our position in Great Britain.

I have here a report issued by the statisticians of this country giving the story during all those years of what you might call the estimated British and foreign capital invested in capital investments abroad as at December 31, 1937, and preceding years, showing the slow progress that we made in being able to restore our credit position both in London and in New York.

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

Wednesday, March 23, 1938

The house met at three o'clock.

RAILWAYS AND CANALS

Mr. THOMAS VIEN (Outremont) presented the second report of the standing committee on railways, canals and telegraph lines, and moved that the report be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SOREL SHIPYARD LAND PURCHASE

Mr. PELLETIER:

1. Did the government ever own any land at Sorel, Quebec, or vicinity, for use of marine branch purposes?
2. If so, what is the acreage?
3. When was it originally purchased?
4. From whom, and at what price?
5. Has it now been sold?

Mr. HOWE:

1. Yes; at St. Joseph de Sorel—shipyard.
2. Shipyard—34·93 acres.

3 and 4. Sorel Shipyard:

24·10 acres—ordnance land	Transferred at Confederation	
9·80 acres—McCarthy estate	March 17, 1919	$ 83,807 74
1·03 acres—McCarthy estate	September 24, 1929	6,250 00
34·93 acres		$ 90,057 74

5. Yes.

HENRY DIRKS

Mr. LENNARD:

1. Has Henry Dirks of 1221 Main street east, Hamilton, Ontario, been employed by the federal government during the years 1936 and 1937 and the first two months of 1938?
2. If so, in what capacities?
3. What remuneration has he received? What moneys, if any, are still to be paid to him for services rendered?

Mr. RINFRET:

1. Yes. Services engaged in January, 1938 (Department of National Defence).
2. Valuator, and obtaining options on land.
3. (a) None, (b) Not known at present.

MONTREAL POSTAL SERVICE EXAMINATIONS

Mr. MALLETTE:

1. How many persons entered for the examinations held in Montreal in June last for: (a) postal clerks; (b) mail porters; (c) letter carriers?
2. How many wrote at said examinations?
3. How many were successful?

Mr. RINFRET:

1. (a) 2,451, (b) 3,623, (c) 3,623.
2. (a) 1,767, (b) 2,593, (c) 2,593.
3. (a) 402, (b) 824, (c) 824.

It should be noted that one competition was held for the two classes, mail porter and letter carrier.

NATIONAL EMPLOYMENT COMMISSION—
MRS. A. J. CURRIE

Mr. COLDWELL:

What salary, wages, travelling expenses or other emoluments were paid to Mrs. A. J. Currie, of Govan, Saskatchewan, for her work in connection with the unemployment commission?

Mr. ROGERS: Mrs. A. J. Currie as a member of the women's employment committee received:

	1936-37	1937-38	Total
	$	$	$
Living allowance..	802 50	1,027 50	1,830 00
Travelling expenses	173 50	171 82	345 32
	976 00	1,199 32	2,175 32

CANADIAN MERCHANT MARINE—SALE OF SHIPS

Mr. BENNETT:

1. Has the present government sold any ships of the Canadian merchant marine?

2. If so: (a) what were the names of such ships so sold; (b) what price was actually received for each of such ships; (c) who negotiated the sale of each of such ships; (d) to whom were each of such ships actually transferred on the register?

Mr. HOWE:

1. Yes,

2. (a) and (b).

Name	Sale price
Canadian Cruiser..	$50,077
Canadian Constructor..	50,077
Canadian Challenger..	40,013
Canadian Highlander..	40,013
Canadian Britisher..	40,013
Canadian Leader..	40,013
Canadian Scottish..	40,013
Canadian Conqueror..	39,823
Canadian Victor..	39,823
*Canadian Planter..	40,061

*Canadian Planter wrecked before transfer could be made.

(c) W. R. Eakin, president, McLean, Kennedy, Limited, Montreal, agents for The Ellerman & Bucknall Steamship Company, Limited; Robert W. Reford, president, The Robert Reford Company, Limited, agents of the Commonwealth & Dominion Line; Ernest W. Foulds, Montreal, joint manager, The New Zealand Shipping Company, Limited; Honourable C. P. Fullerton, K.C., chairman, board of directors, Canadian Government Merchant Marine, Limited, for the company; Honourable C. D. Howe, Minister of Transport, for the government, in consultation with the Minister of Finance and the Minister of Trade and Commerce.

(d) The Montreal, Australia, New Zealand Line, Limited, assignees of the steamship companies negotiating the sale.

INDIAN AFFAIRS—MR. HORACE HALCROW

Mr. PERLEY:

1. Is Horace Halcrow of The Pas, Manitoba, employed by the Department of Indian Affairs?

2. If so, in what capacity, and at what salary?

Mr. CRERAR:

1. Yes, by the Indian Affairs branch.

2. Mr. Halcrow was engaged in a temporary capacity at a salary of $225 per month (1) to investigate the possibility of developing muskrat areas in northern Saskatchewan and Manitoba, (2) to secure information likely to be of assistance to the department in promoting the general welfare of hunting and trapping Indians.

QUESTIONS PASSED AS ORDERS FOR RETURNS

GEOLOGICAL RESEARCH

Mr. LAPOINTE (Matapedia-Matane):

What amount has the government allotted for geological researches in each province of the dominion during the last ten years?

Mr. CRERAR: Return tabled.

CANADIAN INDUSTRIES—STATISTICS

Mr. ROBICHAUD:

1. What was the total amount of capital invested in Canadian industries (both primary and secondary) on December 31, 1937?

2. What was: (a) the gross value; (b) the net value of industrial production during the year 1937?

3. What percentage and money value thereof was: (a) exported; (b) sold in the home market?

4. What percentage of the portion sold in the home market would have been dutiable if imported?

5. What estimated average rate of duty would have been charged on such portion if imported, having regard to the rates of duty now prevailing against the countries of origin of actually imported goods of similar nature?

6. What were: (1) The total amount of dividends and interest paid to: (a) common stockholders; (b) preferred stockholders; (c) debenture stockholders; (d) mortgagees; (e) all other capital creditors? (2) The total amount of reserve set aside for: (a) depreciation or capital replacement; (b) possible future losses;

(c) any and all other purposes? (3) The total amount set aside for: (a) sinking or amortizing fund; (b) any and all other debt reducing purposes?

7. What were: (1) The total number of: (a) wage earners; (b) salaried employees? (2) The total amount paid: (a) in wages; (b) in salaries; (c) in gratuities or any other form of remuneration?

(If figures for 1937 not available, please give latest figures available.)

Mr. ROBICHAUD:

1. What was the total amount of capital invested in the Canadian manufacturing industry on December 31, 1937?

2. What was: (a) the gross value; (b) the net value, of its production during the year 1937?

3. What percentage and money value thereof was: (a) exported; (b) sold in the home market?

4. What percentage of the portion sold in the home market would have been dutiable if imported?

5. What estimated average rate of duty would have been charged on such portion if imported, having regard to the rates of duty now prevailing against the countries of origin of actually imported goods of similar nature?

6. What were: (1) The total amount of dividends and interest paid to: (a) common stockholders; (b) preferred stockholders; (c) debenture stockholders; (d) mortgagees; (e) all other capital creditors? (2) The total amount of reserve set aside for: (a) depreciation or capital replacement; (b) possible future losses; (c) any and all other purposes? (3) The total amount set aside for: (a) sinking or amortization fund; (b) any and all other debt reducing purposes?

7. What were: (1) The total number of: (a) wage earners; (b) salaried employees? (2) The total amounts paid: (a) in wages; (b) in salaries; (c) in gratuities or any and all other forms of remuneration?

(If figures for 1937 not available, please give latest figures available.)

LOANS TO PROVINCES

Mr. BENNETT:

1. Has the government assigned, sold, disposed of or pledged any treasury bills or other securities received from any province as security for loans or advances made to such province?

2. Has the government by guarantee, agreement, or any other means whatsoever, undertaken or agreed, directly or indirectly, to pay or cause to be paid the whole or any part of the indebtedness of any province to a Canadian chartered bank?

3. If so: (a) when were such undertakings or agreements made or given; (b) for what amounts; (c) what sums, if any, have actually been paid by the government?

SILVER PURCHASES AND EXPORTS

Mr. REID:

1. What is the total amount of silver purchased and held under the London agreement of 1933 up to the end of 1937, and (a) what was the purchase price paid in each of the years 1935, 1936, 1937?

2. Of the amounts purchased, what amounts were obtained or purchased as newly-mined silver in Canada, and (a) from what provinces were these amounts of silver procured?

3. What amounts of silver were exported to the United States during the years 1935, 1936, and 1937, and what price was paid for these amounts during the same years?

4. Have any representations been made by the government of the United States in connection with the continuance by Canada of the purchases of silver along the lines outlined in the London agreement of 1933, or on matters in connection with the future policy of the United States government in regard to silver?

SEED GRAIN

GUARANTEE OF LOANS FOR PURCHASE OF SEED AND OTHER ASSISTANCE IN SEEDING OPERATIONS IN WESTERN PROVINCES

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure to authorize the guarantee by the government of Canada of principal and interest of loans made by chartered banks and guaranteed by the provinces of Alberta and Saskatchewan, respectively, for the purchase of seed grain and for providing other assistance to farmers in connection with seeding operations during the spring of 1938; the liability of the government of Canada in respect of such guarantees not to exceed in the aggregate the sum of $1,900,000 in respect of Alberta and $14,500,000 in respect of Saskatchewan.

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

Motion agreed to.

CAMP HILL HOSPITAL

CASES OF SMALLPOX AND MEASURES TO PREVENT SPREAD OF DISEASE—PROPOSED DEPARTMENTAL INQUIRY.

On the orders of the day:

Mr. R. E. FINN (Halifax): I desire to call the attention of the government, particularly of the Minister of Pensions and National Health (Mr. Power) to a serious situation

which has arisen in Halifax in connection with the Camp Hill hospital. I regret to say that a warning I gave a year ago was disregarded—

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member is in order in putting a question to any minister, but I do not think he is in order in making a speech, giving special reasons for the question he intends to put.

Mr. FINN: I am not making a speech.

Mr. SPENCE: Make your speech short.

Mr. FINN: I will dispense with it. The question I should like to ask is why an East Indian seaman stricken with smallpox was admitted to Camp Hill hospital, which is supposed to be devoted to returned men and women, so that an orderly who was in attendance on this patient also has been stricken with smallpox, and according to a letter just received it is feared that there may be an epidemic. The hospital is quarantined so that no person may enter or leave.

Some hon. MEMBERS: Order.

Mr. FINN: I may not be quite within the rules of this house in making this explanation, but I think the matter is sufficiently serious to permit some little latitude being given.

Hon. C. G. POWER (Minister of Pensions and National Health): Mr. Speaker, the other hon. member for Halifax (Mr. Isnor) was kind enough to give me notice of a question along similar lines.

Mr. FINN: He did not give me notice.

Mr. POWER: I have prepared a reply. The question put to me by the other hon. member for Halifax was this:

It has been brought to my attention that a sick mariner was recently taken off a ship arriving from the far east which entered the port of Halifax and sent to Camp Hill hospital. Later it was learned that the patient was suffering from smallpox and died. Since then, others in the hospital have contracted this dread disease and, I understand, two orderlies are reported seriously ill.

In view of the danger of the spreading of this disease throughout the city of Halifax, I would like to ask the hon. minister:

(1) If he has been made aware of this matter.

(2) What steps have been taken to prevent a spread of this disease.

(3) If it is the intention of the minister, in future, to allow quarantine cases, particularly of sick mariners, to enter Camp Hill hospital.

To this I have had the following reply prepared by the officers of the department:

[Mr. Finn.]

The ss. City of Auckland arrived at Halifax on Monday, March 7. She was boarded by the quarantine officer, and the captain reported to him that there was no illness on board. Nevertheless, while the boat was being deratized at the request of the captain the immigration medical officer was advised that one of the members of the crew was ill.

The sick person was removed to Camp Hill hospital where the case was diagnosed as one of smallpox. The patient was then removed to the quarantine station at Lawlor's Island where he died on March 9. On March 18 I was advised that the orderly who attended the smallpox case at Camp Hill hospital had contracted smallpox and that instructions had been issued to remove him to Lawlor's Island together with a nurse and orderly and all those who had been in contact with the patient unless they had been successfully vaccinated. On March 19 I was notified that a second orderly, who apparently had had a successful vaccination, had developed smallpox and that he was removed to Lawlor's Island together with two nurses and an orderly.

With respect to what steps have been taken to prevent a spread of this disease I would say this: As soon as it was ascertained that the patient was suffering from smallpox, the medical officer in charge of Camp Hill hospital issued instructions to vaccinate everyone in the hospital; to prevent anyone leaving the hospital and to prevent all visitors entering therein. All members of the crew of the ss. City of Auckland were vaccinated as well as all employees of the immigration building. Buses used in the transportation of the crew of the ss. City of Auckland to and from the immigration building and ship were fumigated and the bus drivers vaccinated. In addition, the crew of the quarantine boat, Salucan II, and members of their families were vaccinated. The city health officer and provincial health officer were notified and both gave every assistance that they could in preventing the spread of infection to the people of the city. Both expressed themselves as being satisfied with the measures taken by the quarantine officers and medical officers of Camp Hill hospital.

When advice was received that the orderly who had attended the patient at Camp Hill hospital had become ill with smallpox, all inmates of the hospital who had not shown a successful vaccination were revaccinated and complete quarantine imposed on the hospital,

no one being permitted to enter or to leave. The Royal Canadian Mounted Police were requested to place an officer on the hospital grounds to prevent entry or exit by anyone. Any new ex-soldier cases are being hospitalized in civilian hospitals and a clinic has been opened in the city for the treatment of outdoor cases. The chief of the division of quarantine and immigration of the Department of Pensions and National Health was directed to proceed to Halifax to take charge of the situation. A departmental inquiry is under way and as soon as possible a board will be set up for the purpose of inquiring into all the circumstances and for ascertaining what steps if any should be taken to avoid a recurrence.

The third question asks if it is the intention of the minister to allow quarantined cases, particularly of sick mariners, in future to enter Camp Hill hospital.

No. It has never been the practice to permit patients suffering from known infectious or contagious diseases to enter Camp Hill hospital. All sailors suffering from a quarantinable disease are sent to the quarantine stations, of which there are four, namely, Lawlor's Island, N.S., Partridge Island, N.B., Quebec, and William Head, B.C. All those suffering from other infectious diseases are sent to civic contagious disease hospitals with which the department has contracts at the various ports.

SHOP CARDS REGISTRATION

REQUEST FOR TABLING OF OPINION OF JUSTICE DEPARTMENT AS TO VALIDITY OF BILL NO. 22

On the orders of the day:

Hon. C. H. CAHAN (St. Lawrence-St. George): I should like to ask the Secretary of State (Mr. Rinfret) if he will make available to hon. members on this side, or perhaps lay upon the table of the house, the opinion which has been given him by the Department of Justice as to the competence of parliament to enact Bill No. 22. I think if we were permitted to peruse that document it might shorten the discussion when the bill is again before the house.

Hon. FERNAND RINFRET (Secretary of State): I have not yet received the opinion of the Department of Justice, beyond the mention made by the minister himself yesterday, but I will undertake to table it in ample time before we resume consideration of the bill.

UNEMPLOYMENT RELIEF

APPLICATION OF FEDERATION OF MAYORS RESPECTING ALLOCATION OF GRANT IN AID FOR ENSUING YEAR

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I should like to direct a question to the Minister of Labour (Mr. Rogers). Has he been able to come to any determination yet on the application made by the mayors last week to place relief on the basis of 40-40-20? This is an urgent matter to the municipalities now preparing the tax rate.

Hon. NORMAN McL. ROGERS (Minister of Labour): The application of the mayors relates to the allocation of the grant in aid for the coming fiscal year. The estimates for this year have not as yet been brought before the house. Before they are submitted to the house of course there will be a very careful review of the situation in all the provinces of Canada.

BATTLEFIELDS COMMISSION

AUTHORIZATION OF PAYMENT TO COMMISSION OF $75,000 A YEAR FOR PERIOD NOT EXCEEDING TEN YEARS

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to bring in a measure to authorize the Minister of Finance to pay to the National Battlefields Commission the sum of $75,000 a year for a period not exceeding ten years from the first day of April, 1938, to be expended by the commission for the purposes and subject to the provisions of the act respecting the national battlefields at Quebec.

Motion agreed to and the house went into committee, Sir Eugène Fiset in the chair.

Mr. DUNNING: This resolution precedes the introduction of a bill to continue for a further period of ten years the present statutory provision under which a grant of $75,000 a year is paid to the national battlefields commission. I could give details as to the operation of the commission, if it should be desired at this stage, or I could do so on the bill itself. I think most hon. members of the house are familiar with the work of the commission. I thought I would advance the measure a step to-day, thus enabling any members not here this afternoon but who may be here later to say anything they wish at a later stage.

Mr. CHURCH: This is a most commendable vote, Mr. Chairman, but the last time it was before the house I put an inquiry to the government which I should like to repeat to-day. I have no objection to this vote, which began a little after the tercentenary in 1910. Quebec is a great gateway into Canada, and a great attraction to the tourist trade. Will the government consider marking out other battlefields? A bill was before the railway committee this morning, for instance, in connection with a new Niagara Falls bridge. The main battlefields in the Niagara district, a most important historic spot, should be improved. The battlefields are located at the gateway into the Niagara district, a district which enjoys the greatest tourist trade entering Canada. There are many battlefields in that district. One is at Point Mississauga, right at the mouth of the Niagara river where the steamer Cayuga, sometimes carrying as many as three thousand passengers, passes by. At Niagara on the Lake there was a large camp during the great war.

Some of the battlefields are in ruins. True, some of them are under the control of the Niagara Falls parks commission, but something should be done to preserve these historic sites in the Niagara district. Then, we go on to Fort Erie, and at Ridgeway we are reminded of the Fenian raid. The provincial government is doing something at Fort Erie.

Next we come to the historic points in connection with the northwest rebellion. There should be equality among the provinces in connection with this matter. After all is said and done, the government might well take a leaf out of the book of the United States administration. Fort Oglethorpe, in the Cumberland valley in the United States, marks one of the points of battle in the great war between the northern and southern states. Every state in the union has erected its own monument to soldiers who contributed in that great civil war. Many miles of historic sites are preserved.

Since this expenditure was limited, the amount spent has been about the same. I do not think the commission is going far enough. In my opinion something should be done as well in the other provinces. Mr. Chairman, you take a great interest in this work, and I believe you would agree that something should be done to extend the principle of the measure to the Niagara district, and also to other provinces where the historic sites, although not as important to us, are of vast importance to the provinces in which they are located, both in the present and to posterity.

[Mr. Dunning.]

Mr. STEWART: Has the act authorizing an expenditure similar to this one expired, and if not when will it expire? Is it believed that this expenditure will complete the work the commission has in mind at Quebec, or is it just another instalment on something, the completion of which is still far in the future?

Mr. DUNNING: The act itself does not expire, but the section being amended does expire. The $75,000 annually provided in 1928 for a period of ten years, renewal of which is now asked for a further period, is the maintenance vote for that great area comprising the national battlefields at Quebec. To the hon. member for Broadview (Mr. Church) I would say that so far as I am aware most of the other battlefields are now and for many decades have been private property. Any move to attempt to revive their historic features would involve the acquisition of a considerable amount of property. On the other hand, the national battlefields at Quebec are public property, and were committed to the care of the commission. The vote is to cover the costs connected with maintenance of the battlefields area on the cliffs above Quebec.

Mr. FINN: While favourable consideration should be given to the preservation of battlefields in Quebec, I must point out that the citadel at Halifax is perhaps the most historic spot in Canada. It is at that point that guns were first fired in Canada in connection with warfare, whether of a rebellious nature or connected with riots. I would ask the minister to give his careful consideration to a letter I shall send him in reference to citadel hill, in which I shall set out all the facts.

Mr. CHURCH: With all due respect to the minister's statement that Stoney Creek and Lundy's Lane are private property, may I say that they have no business to be private property. Historic sites should be public property. In Ontario we have none of these memorials. Fort Mississauga at the mouth of the Niagara river is a heap of ruin. Some other memorials in the Niagara district are under the control of the Department of National Defence. It seems to me that all the memorials the province of Ontario has are two from the ox-cart days, namely the Trent canal and the Newmarket canal. They are the ones marked out by the government.

The old fort at Toronto was a mass of ruins for years until the city government improved it. At the present time there is some agreement between the government and the city

respecting that historic spot. The city, I think, has the deed. Many memorials were created as a result of the great war. Those are places at which regiments from all points of Canada were trained and, to the people of the municipalities, they are historic spots. For instance, I know that one battalion was raised in Edmonton; in fact it spent about a week in Toronto. Then, there are memorials in connection with the northwest rebellion which mark the spot where soldiers from Ontario and Quebec fought for the unity of this country.

This is the only opportunity there will be to speak on the matter, and there is no reason why the subject should not be studied by some department. Several hundreds of millions of dollars are spent each year on maintenance charges, and surely, in view of the deficit there will be anyway, along some lines, you can afford a few dollars to mark these great war memorials. We have one, the memorial chamber, right in this building. There are many places all over Canada where young men who took part in the great war were trained and, in the eyes of the local communities, they are historic. Something should be done in cooperation with the provinces and municipalities to save these historic places for future generations.

Mr. DUFFUS: I do not know much about the Newmarket canal, but—

Mr. CHURCH: I would ask the Minister of National Defence what he has to say about it.

Mr. DUFFUS: I do not know much about the Newmarket canal, but I can assure the committee that the Trent canal is no memorial; it is a very live national entity.

Mr. DUNNING: I think we should distinguish between two different things. This expenditure has to do with the national battlefields commission. Then, as many hon. members are aware, there is another body known as the historic sites and monuments board. I believe they report to my colleague the Minister of Mines and Resources. On the recommendation of the board historic sites of various kinds have been and are being marked in various parts of Canada. However, that work does not involve the provision of large sums of money for the maintenance of what amounts to a national park such as the one existing at the great battlefield on the heights of Abraham. I am not at all without sympathy for the views expressed by the hon. member for Broadview, but I do suggest to him that there is an opportunity to discuss the matter on the vote for historic sites and monuments, under the Department of Mines and Resources.

Mr. HEAPS: Who administers the present fund and looks after the administration of the national battlefields?

Mr. DUNNING: The present commissioners are Sir George Garneau, LL.D., chairman who has been on the board since 1908; Hon A. Turgeon, C.V.O., C.M.G., of Quebec.

Mr. MACKENZIE (Vancouver): He is dead.

Mr. DUNNING: I did not know that.

Mr. HEAPS: But he is still on the commission.

Mr. DUNNING: The hon. Senator T. Chapais, senator, and a member of the legislative council of Quebec; Mr. N. A. Dussault, of Quebec; and there are at present three vacancies. Then, also appointed by the provinces there are the Hon. W. H. Price of Toronto and the Hon. L. A. Taschereau, K.C. of Quebec.

Mr. HEAPS: Has this commission complete control over the administration of the act?

Mr. DUNNING: Yes.

Mr. HEAPS: Is nothing put on these memorials but references to historical events?

Mr. DUNNING: I cannot answer that.

Mr. LANDERYOU: What is the cost of the personnel of this commission?

Mr. DUNNING: The commissioners receive no salary.

Mr. LANDERYOU: Is a salary paid to any one who may assist the commissioners?

Mr. DUNNING: The secretary, Mr. Pacaud, receives a salary.

Mr. COLDWELL: Is this appropriation to provide for additional work, or is it a regular maintenance appropriation?

Mr. DUNNING: As I explained previously, it is a continuation of an arrangement which has been in force for the last ten years and which is covered by a statute. The sum of $75,000 is paid each year for maintenance.

Mr. COLDWELL: Is it proposed to erect any further monuments or memorials on this battlefield?

Mr. DUNNING: I know of no such proposal.

Mr. ISNOR: I desire to join with my colleague, the other hon. member for Halifax, in his representations in connection with the citadel at Halifax. I have brought this matter

to the attention of both the Department of National Defence and the Department of Mines and Resources on more than one occasion, and only last week I again presented it. I trust that the representations advanced to-day by my colleague will receive the favourable consideration of the various departments.

Resolution reported, read the second time and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 53, respecting the national battlefields at Quebec.

Motion agreed to and bill read the first time.

TRANSPORT COMMISSION

AUTHORITY TO CONTROL TRANSPORT OF PASSENGERS AND GOODS BY RAILWAYS, SHIPS AND AIRCRAFT

The house resumed from Monday, March 21, consideration of the motion of Mr. Howe for the second reading of Bill No. 31, to establish a board of transport commissioners for Canada, with authority in respect of transport by railways, ships and aircraft.

Mr. R. E. FINN (Halifax): Mr. Speaker, I moved the adjournment of this debate the other evening at ten minutes to eleven o'clock at the suggestion of the Prime Minister (Mr. Mackenzie King), and I now propose to continue with my remarks. I do not intend these to be in the nature of criticism; they are more in an effort to ascertain whether the provisions of this bill and the provisions of the Railway Act of 1919 will be in conflict. As I said the other night, the underlying principle of the Railway Act in connection with tariffs, tolls and rates is that no discrimination or preference shall be shown.

This bill provides that before a transportation company can operate—I assume this would apply to water transportation—a licence must be obtained. The bill provides also that the carrier and shipper may enter into a contract for a year or more for a specific rate for the transportation of goods. It is stipulated that the bill shall be subject to the provisions of the Railway Act and amendments thereto. Let us take the hypothetical case of a manufacturer in Ontario whose business is of such a kind and of such dimensions that he considers it profitable to enter into a contract with a transportation company for a year or more for the transportation of goods at a specific figure. However, there may be a smaller manufacturer whose business is not of sufficient magnitude to warrant his entering into such a contract. This manufacturer must pay the regular freight rate, which would be higher than the contract rate in the other instance. The result is discrimination as between the two manufacturers. Therefore, if this bill should pass, there would be conflict between its provisions and those of the Railway Act. I should like to quote one section of the Railway Act as follows:

> All tolls shall always under substantially similar circumstances and conditions, in respect of all traffic of the same description, and carried in or upon the like kind of cars or conveyances, passing over the same line or route, be charged equally to all persons and at the same rate, whether by weight, mileage or otherwise.
>
> 2. No reduction or advance in any such tolls shall be made, either directly or indirectly, in favour of or against any particular person or company travelling upon or using the railway.
>
> 3. The tolls for carload quantities or longer distances, may be proportionately less than the tolls for less than carload quantities, or shorter distances, if such tolls are, under substantially similar circumstances, charged equally to all persons.
>
> 4. No tolls shall be charged which unjustly discriminates between different localities.

As I said the other evening, the duties of the Minister of Transport (Mr. Howe) are varied. He has many branches to look after, and it is humanly impossible for any minister to deal directly with and pass final judgment upon all legislation having to do with the various branches. He must depend upon the advice of the technical officers in the branches. I suggested the other night that when this bill was up again the technical officers responsible for its drafting should be present to give any explanations required to clarify the situations, and to show conclusively to members of the house whether such a conflict will come into being when this measure is placed upon the statute book. The statute of 1919 is perfectly clear, and I would not have presumed to deal with this matter in the manner I have except for the fact that from 1916 to 1925 I appeared before the railway commission in reference to various questions of rates and differentials affecting the maritime provinces, and argued before the Supreme Court of Canada questions of law involved in the Crowsnest Pass Act of 1897 and reserved by the railway commission, and also because of the opinions expressed by the late chairman of the commission, Hon. Mr. Carvell, by the present vice-chairman, Doctor McLean, perhaps one of the ablest men who ever sat on the board of railway commissioners, and by various chairmen and members of the board, including the hon. gentleman who sits to my left, who has an honoured seat in this house and an honoured place in the hearts of everyone, the member for Outremont (Mr. Vien). So it is in no critical spirit that I am bringing this question up, nor was it the other evening,

and I would like the Minister of Transport to feel that it is in no contentious way that I bring the matter to his attention and that of the house, but rather for the purposes of clarification and placing upon the statute books a law which will be effective, and which will not have to be referred to the supreme court, and then the privy council, to find out whether the jurisdiction of the commission is extended. There cannot be undue preferences given; there cannot be discrimination. Therefore there must be equality of rates; every manufacturer and corporation as well as the transportation companies must be treated alike, and it will be noted that the jurisdiction of the commission has been extended to cover water transportation.

It is for these reasons, Mr. Speaker, that I bring this matter to the attention of the house, in order that the legislation which we pass in this chamber may not be dealt with in the other chamber in such a manner as to suggest that we did not know what we were doing down here. I do not want this legislation to meet the same fate as Bill B, of last year, when it was in the other house for consideration. These are the reasons that have impelled me to make the remarks I have this afternoon and the other evening, when I asked the minister to give the matter his consideration and suggested that we might have the advice of his technical officers. I trust that in closing the debate he will be able to inform the house whether further amendments will be necessary in order to provide for contingencies which may arise through a conflict between the Railway Act of Canada of 1919 and the legislation now before us, as introduced by the minister, namely Bill No. 31, to establish a Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships and aircraft.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, the motion before the house is for the second reading of this bill, and on the second reading the house considers the principle of the measure. The principle is considered to be the most important part of the bill, and on the second reading it is the principle only that can be discussed; the various sections of the bill cannot be considered until the bill gets into committee.

The first principle of this bill is that it extends the jurisdiction of the present board of railway commissioners and substitutes for the present board a new board to be known as the Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships and aircraft. Why coastal transport on the gulf and the ocean and the general traffic on the Pacific coast and in Nova Scotia on the Atlantic are excluded is beyond me.

In England they have solved their railway problem. In this country we have a railway bungle—forty thousand miles of single track in a country of ten millions of people, a mileage almost equal to that of France, with forty-seven million people, and to that of the United Kingdom, with forty-six million, and almost equal to that of Germany, with sixty-seven million people. We have useless duplication, log-rolling politics everywhere in connection with the railways, and a waste of the people's money. The hon. gentleman who has just sat down (Mr. Finn) referred the other day to political appointments to the Canadian National board. No wonder that many people in this country want some dictator to arise to solve some of our domestic problems. The people are sick and tired of this parliament, which is a parliament of talk—that is all it is. That is all parliament has done so far—talk; nothing has been accomplished, and last week we were prevented even from talking and discussing a most important problem, that of our defence and foreign policy.

Last year a bill similar to this was considered by the other house and was sent to a committee which went over it clause by clause and made pages of amendments, but the bill now before us is entirely different from the one which was introduced in that other place. From this bill there has been deleted the regulation of motor buses and motor trucks on the highways, which was one of the most important clauses of all, because motor transport is taking the cream of the business away from the railways.

When this matter came up in the house in 1923, and afterwards when the late head of the Canadian National Railways was here, I complained to him and the committee on railways and shipping that the railways were too slow; that they ought to have grappled with this problem of motor buses and motor trucks years ago, and then they would have had the business to themselves. In 1922 and 1923 they could have had all the truck and motor bus business in Canada, then in its infancy as a transportation factor, before any regular bus and truck lines were running over the good roads of this country, and the railways have only themselves to blame if they were asleep and did not seize that business. That business is here to stay. There may be legal questions of jurisdiction. This parliament may have jurisdiction over interprovincial and international traffic, acting

under the clause for the general advantage of Canada. But then there is the Chevrier transportation commission in Ontario.

At all events, we must make up our minds that motor buses and motor trucks are here to stay. A person nowadays can take his own car or go by motor bus almost from door to door to his destination; he can go through many cities and towns and back again home. Some of the buses from Toronto go right through the United States to Mexico. They operate throughout the United States a system of motor buses which carry some freight as well. That form of transportation is here to stay; and the railways should do something to get control of some of the business, either by purchase or amalgamation or otherwise; they should make some arrangement in some of the provinces where possible. It is going to cost a lot of money to do this, and it would have been much better had the railways done something of the kind years ago instead of building some of these branch lines all over the country and making the system and country pretty nearly bankrupt.

The present bill is not one which will regulate buses and trucks operating on the highways. I regret this because, after all is said and done, it seems that the government of Canada is being conducted from the provincial capitals. The federal government appears to be surrendering this motor bus and motor truck competition control without a contest and without even a recourse to the law courts, except to a lesser court for a decision on the question of jurisdiction. They have had no cases before the privy council to decide this problem of jurisdiction over bus and motor truck traffic by the parliament of Canada under section 91 regarding railway adjustments. It seems that no regulation and no bill can be passed by this honourable house without getting the opinion of a second parliament known as the attorneys-general, as the Minister of Justice (Mr. Lapointe) calls it. The Minister of Transport (Mr. Howe) has raised the same question in connection with the regulation of railways by setting up a similar claim of the provinces. The Chevrier royal commission in Ontario is now dealing with the matter, the result of which is very much in doubt. I fail to see anything of a constructive nature in the present bill, because it fails to provide for the proper control of transportation by this parliament. Parliament, not some outside commission, is the body which should have control. We in this country are "commissioned" to death. Almost every week another commission is appointed; that is all we have been doing.

In my opinion Canada is suffering not from overregulation of the railways but from underregulation of them. If we had had proper regulation we should never have had the state of affairs which motor buses and trucks have created to-day. If the present bill is passed, the railways and rate structures will be in politics more than they have ever been before. I shall not discuss the bill clause by clause, but take for example part V, agreed charges. Charges can now be made by agreement between the parties. All you have to do is to file the agreement with the new body, the transport board. That in my opinion is a retrograde step. The Board of Railway Commissioners for Canada may be criticized, but on the whole they have done very good work. As the minister is going to abolish them and substitute this new transport board, I should like to read two or three sentences from the 1936 issue of the Canada Year Book, indicating what good work that commission has done by way of regulation. It was established in 1903, its jurisdiction then being over freight and passenger rates only. A few years later, in 1909, the jurisdiction of the board was extended over express and telephone companies, and they did very good work in protecting the consumer and the public from excessive charges by those particular types of companies. At page 651 of the Canada Year Book, 1936, there are these two short paragraphs regarding regulation by the board of railway commissioners:

> The Board of Railway Commissioners for Canada, as provided for by the amended Railway Act of 1903, was organized on February 1, 1904. In the beginning, its membership consisted of a chief commissioner, a deputy chief and one commissioner. In 1908 the membership was increased by the inclusion of an assistant chief commissioner and two other commissioners. According to the act, the board may be divided into two sections of three members.
>
> The powers of the commission, in brief, are in matters relating to the location, construction and operation of railways.

In reading this, hon. members must now substitute the transport board.

> Passenger rates are divided into standard and special freight rates into standard, special and competitive. Standard rates are maximum rates and the only ones which must be approved by the board before they are applied. Special and competitive rates, being less than maximum rates, may be applied by railways without the board's approval, provided that a change of rates has been advertised. But important rate adjustments usually come to the notice of the

commission, for the changed rate alters the extent of the territory in which a shipper can compete and on this account he is apt to appeal the case to the commission. It is a knotty problem to mark the boundaries of competitive areas—to decide whether Nova Scotian manufacturers should be given rates which would allow them to compete west of Montreal, or again, whether high construction and operation costs in British Columbia should enforce a rate which prevents her goods from moving far into the prairies. By an amendment to the Railway Act, the regulation of telephone, telegraph and express rates was given to the commission, but with narrower powers than were given to it in dealing with railways.

The procedure of the board is informal, as suits the nature of its work, for experience has shown that hearings in strict legal form give the parties to the argument uncompromising attitudes. If possible, matters are settled by recommendations to the railway company or the shipper.

The railway committee of the privy council, the board's predecessor, was responsible to parliament.

On the whole, the board of railway commissioners have given very good service. As recently as last October I was present when they were holding a week's sessions in the city hall of Toronto. Farmers, truck people and representatives of municipalities from all over the Toronto district were before them in connection with grade crossings, and the present able and courteous chairman gave a careful hearing to the applications.

What are the government going to do by means of the present bill? They are going to substitute for that railway board a body to be known as the Board of Transport Commissioners for Canada. They are going to restrict the powers possessed by the present railway commission to deal with these problems in the manner I have indicated. Last year the hon. member for Parkdale (Mr. Spence) spoke, as a representative on behalf of the smaller business man, of what chance he had with the railway companies. The clause of the bill which deals with this matter is one of those which in my view are not in the public interest. We shall be going back to where we were years ago and having a political rate structure in this country instead of a fair and equitable rate after a proper hearing before a properly constituted rate control body. Under the present bill public control, in my opinion, will be non-existent. The bill further reduces the limited powers which shippers now have in respect of contracts and such matters between themselves and the railways.

In this connection it should be remembered that there are a great many small shippers in this country. I received a letter to-day from one of them, who is a fairly large shipper, in the constituency I represent, and who is complaining about this particular matter. He believes that the small man will not have much chance to bargain with the railways under the provisions of part IV of this bill, where the licensee can make a bargain regarding rates over the heads of the railway commission and of parliament, along any lines he likes. I will hand a copy of the letter to the minister. I do not wish to make public the name of the writer. He is a shipper to a considerable extent, located on Matilda street, Toronto, in ward one, which is in my constituency. He says that he has just got notice from the newspapers of this bill, and he wants to know why it has been brought up. He says:

> Under present conditions, when we figure our costs we know what freight we have to figure in to lay the goods down.

Under the present bill, he states, this will not be possible.

> The proposed bill would seem to offer an advantage to big business.

The writer wants to find out from me what firm or group of firms, large or small, are asking for the legislation. He continues:

> If any firm, or firms were permitted to arrange with a carrier for special rates on their goods, their competitors, or at least some of them, would be put to a disadvantage, either temporarily, or over a period of time.
>
> Our freight tonnage is considerable. We do business from coast to coast, and while we might be able to arrange ourselves for some special freight rates, we feel we would have to be continuously checking up to see that some of our competitors were not getting a freight rate that we were not receiving.
>
> We don't feel that we should be put in the position of having to do this, or having to be continuously protesting to the traffic board.

The late Sir Henry Thornton did not approve a policy like this. When my national coal policy was before the house and the committee on shipping, and it was proposed to give bonuses, subventions and subsidies to bring coal from Nova Scotia to the head of the lakes, Sir Henry Thornton told me that under my bill I was proposing a lunch-counter system of freight rates. Well that lunch-counter system I proposed was much better than sending some $56,000,000 to Pennsylvania coal barons a year. As a result of that policy a withering industry in the maritimes, the coal and steel industry, has been converted into one of the most prosperous industries in Canada, and to-day under that policy Nova Scotia is sending to the head of the lakes by water and rail and all water 3,000,000

tons of coal a year economically, thanks to our leader's policy. If that is a sample of the results of the lunch-counter system of freight rates, let us have more of it.

I am sorry to see the regulation of traffic on the highways omitted from the bill. I have here a letter from the former Minister of Transport in Great Britain, the Right Hon. Leslie Hore-Belisha, now Minister of War. He was Minister of Transport in England for three or four years and gave fine service in that office. In this letter he gives me an account of what has been done in England regarding the regulation of railways and improving the efficiency of transport, benefiting the consumer and bringing harmony into the railway situation. No one lost his job as a result of that unification, except a small number who were too old and who were given liberal pensions. The rest have been transferred to other duties. The same thing, I believe, could have been done here.

The Canadian National Railways started wrong. The head office of the railway should never have been taken to Montreal; it should have remained in Toronto, in Ontario, a public ownership province. The Canadian Pacific railway have transferred their eastern lines division office, which used to be in Montreal. to Toronto, under Mr. H. J. Humphrey, a vice-president. The direction and control of the lines in the whole territory between Winnipeg and the maritimes is under him. Why? Because they realize that Toronto as a rail centre outclasses Montreal in freight, passenger and hotel business, and a live corporation like the Canadian Pacific Railway Company goes where the cream of the business is, resulting from the great mining development in new Ontario. But what is the Canadian National doing? Political control and operation still exist, with headquarters in Montreal, although it is in Ontario they make most of their money. Who are its directors? Presidents of Liberal associations, the very thing condemned in the Drayton-Acworth report. The head office should be returned to Toronto where it was when Mr. Hanna was head of the first part of the system. I am not going to give my vote as a public ownership man to throw the Canadian National to the wolves to please some bankers and big business men who are responsible for the present railway bungle, and were to blame for launching a second and third transcontinental railway in the days of the "big I's". As a result of the railway deficits we have no money for social services; the municipalities are being raided of their revenues and taxes on real estate have reached an intolerable height.

It is the duty of the government to let us have a proper railway balance sheet. One thing about the finance minister's annual budget is that it is understandable to the ordinary layman. Barring the Bank of Canada item I think the budget can be fairly well understood. But it would take a Philadelphia lawyer to understand the present Canadian National Railways budget and debt and deficit statement. It is referred by the house to a "me too" committee known as the committee on railways and shipping, and after being there a few weeks it comes back and is passed by parliament without knowing anything about it. I doubt if many hon. members know much about railways. My observation in the committee was that they would call Sir Henry Thornton and other officers, ask about a few items, and then pass the thing pretty nearly as presented. There should be some more intelligible statement, but we shall not get it under this bill. A statement was made the other day by the Minister of Mines and Resources (Mr. Crerar) that there would be no saving. I need not read the speech; but the minister is well informed about railways, and he was challenging some statement made about the Canadian National Railways.

Colonel Drew also at Chatham the other night said the deficit was over $100,000,000. Something should be done to give a proper statement, one that the public who pay the bills can understand, and stop the damage done which is taking business from the Canadian National Railways. They are even using the radio to broadcast ridiculous statements. Why should a member of parliament, representing a political party, be selected by some outside body to make a speech over the radio at the expense of the Canadian people, even if he is defending the public road? According to Colonel Drew no one knows what the deficit is under the present fancy system of book-keeping.

Mr. SPEAKER: I think the hon. member is wandering rather far away from the discussion of this bill, which deals with the institution of a board of transport.

Mr. CHURCH: My point is that this bill proposes to set up a board of transport commissioners with power to go over the head of parliament and regulate the Canadian National Railways, and it will not work. I am complaining that the people have no intelligible report, nor will they be able to get any more intelligible report or to stop damage being done to our railway. Under section 5 of this bill the board may regulate transportation by water, which will include the merchant marine. I contend that under

the new board we shall not have any clearer statement of the position of the railway than in the past; that the issue will be more beclouded because shippers can make with the railways private arrangements outside the Railway Act, which they could not do before. I ask the minister whether under this new bill he will be able to give to the taxpayers and the shippers any clearer statement regarding this railway.

Then we come to a part of the bill which has been discussed on many occasions in and out of the house. Bill No. 31 ignores completely the report of the Drayton-Acworth commission recommending that the authority of the railway commission be extended in many ways, as set out on page 46 of that report. The bill further ignores the main recommendations of the Duff report, which referred to the contributing causes of the railway problem, criticizing the pass system and many other features.

As regards part III of the bill which deals with transport by air, the present board is a political board; that is all it is, and so will the new board be. The directors of the railway are all selected according to politics, and one of the great tasks facing the country is to solve this problem, but it will not be solved in the manner indicated.

In conclusion, Mr. Speaker, I object to the principle of this bill. I believe it is going to lead to more politics and political rate structures than ever in connection with the railway system. In Montreal it has been promised in a by-election that the new terminal will be completed, and other statements along that line have been made. Part III of the bill deals with the Canadian merchant marine and the control of shipping by water, which does not include the coastal trade, but includes the great lakes. Under this bill there is going to be a lack of coastal control which should be in the bill. As a parliament, what control have we over the merchant marine? We have none. Not long ago we sold for a few thousand dollars ships that cost a million and a half, just at a time when those ships could have been put to good use, since Great Britain needs ships in order to carry the food that is required. This bill conflicts with the report of the special committee regarding coastal shipping by water. Then there was the Petersen inquiry about fifteen years ago, as to what should be done to regulate rates, but that report has been ignored also. There are now 2,000 fewer merchant ships to carry food to England than there were before the war. We should not have parted with our merchant marine.

The railway problem is one of Canada's great difficulties. In England they are providing a proper solution for their problem. In the United States they are doing the same thing, but we as a people sit down from day to day and do nothing. I am for a real public ownership system, not for what is proposed under this bill, which is not public ownership at all. It is merely private ownership in the guise of public ownership. We have never had public ownership since this thing has been started. This railway is a collection of the mistakes made by private ownership; the Intercolonial, the old Canadian Northern, the Grand Trunk and the Grand Trunk Pacific. They were all bankrupt lines; they were placed together and it was called public ownership. Certainly it is not public ownership as they have it in Ontario, and under the present bill it will be much further removed from public ownership.

Before this bill is given second reading, I should like the Minister of Transport to tell the country what is going to be done with regard to the railway problem. During the last election campaign the government promised that if returned to power they would bring down a solution. This morning I attended a committee meeting in regard to a bridge in connection with Niagara Falls. This parliament has jurisdiction over bridges that are international or interprovincial or that affect navigation. Those bridges come under the Railway Act; but if this measure passes, they will come under the transport bill. But what do you see when you attend such a committee meeting? Talk about lobbying down at Washington; it is nothing to what we have in Ottawa such as was seen this morning.

In my opinion, Mr. Speaker, this bill should not be read a second time until the government are prepared to say what they are going to do in response to this clamour on the part of people all over Canada to reduce these deficits and give the Canadian National Railways a chance to carry on properly, unfettered and unhindered by politics.

Mr. THOMAS REID (New Westminster): Mr. Speaker, in no country in the world is transportation of such vital importance as it is in Canada. Hence this bill, which I term an experiment on the North American continent if not in the world itself, is of particular importance to the people of Canada and especially to the people of British Columbia. I realize that under the rules one is not allowed to discuss the various clauses of a bill on second reading, but since the bill is divided into five parts it is difficult indeed not to

touch lightly on some of its provisions. I shall endeavour to keep to the principle of the bill, but in discussing it I must touch on one or two very important points.

If one looks at the bill it will be noticed that under Part I an appeal can be made from the rulings of the board which is to be set up, which will consist of the present board of railway commissioners and perhaps some others. That is similar to the provision already in the Railway Act. I should like to direct the attention of the minister to the fact that although the Railway Act has such a provision and such an appeal can be made, that provision has been of little value since its incorporation in the act. There are two methods of appeal. If one goes before the railway commission and questions arise regarding judicial authority or matters of law, an appeal can be taken to the supreme court. But if it is a question of fact the appeal must be taken to the privy council, which in effect is the cabinet. This is what has been done for many long years. The privy council or the cabinet have been loath to reverse any decision given by the board of railway commissioners. It is not a fact-finding body, and in deciding against the railway board, or giving any judgment, a precedent would, they maintain, become established. Hence those of us who have had occasion to go before the privy council after having received an adverse decision from the board have found that no matter how just our cause may be the privy council has refused to reverse the opinion or judgment of that board. I would suggest to the minister that if in the present bill appeals against rulings made by the new board are restricted to questions of fact, there never will be any redress given because, as I have pointed out, the privy council have always taken the stand that they would establish a precedent if they gave any opinion or judgment contrary to the findings of the board.

Further on in the bill the board is directed to determine whether such future conveyances are necessary. In the province of British Columbia there has been a law on the statute books for some time concerning motor trucks for hire, and in operation this has gradually been getting down to a virtual monopoly on the part of certain companies. Those endeavouring to put a motor truck into operation in that province now find themselves up against a board, who say, "In our opinion there are far too many trucks operating on the roads now, and we are not going to give you a licence to go into that business." It is practically bringing about a monopoly, as I have said, on the part of certain transportation companies to the exclusion of others.

Further in the bill the public interest is mentioned, and I take it that here the bill is following the lines of the Railway Act. I submit that this language is not wide enough. I should like to refer the minister to the report of the Duncan commission of some years ago, in regard to these words "public interest." At page 25 of the report they say:

> Section 320 of the Railway Act seems to give the wider powers that we have in mind to the railway commission, so far as the question of undue preference or unjust discrimination may be involved.

Then they quote section 320, which reads:

> 320. In deciding whether a lower toll, or difference in treatment, does or does not amount to an undue preference or an unjust discrimination, the board may consider whether such lower toll, or difference in treatment is necessary for the purpose of securing, in the interests of the public, the traffic in respect of which it is made, and whether such object cannot be attained without unduly reducing the higher toll.

They have this to say regarding that section of the railway act which, I take it, is part of the new bill:

> Even there we feel that, if the intention was to have larger national interests in mind, the section should be made clearer, and instead of the words "in the interests of the public" (which might be interpreted as in the interests of the "consuming" public), the words should clearly state that it is national interests (both "producing" and "consuming") that are in mind. If this was not the original intention of the section, we suggest it is the intention which should now be imported into it. We feel further that a similar extension of authority should be imparted to the railway board in regard to the question of reasonable compensation. It would then be competent for the railway board to make a survey of just the very character that the President of the Canadian National Railways testified as being part of his function (as the business head of a railway); and if from public policy they felt that an experimental rate should be conceded, they should be free to constitute the rate, even although it might not, at the time, or of itself, give reasonable compensation to the railway company.

Mr. MARTIN: Where do you see "national interest"?

Mr. REID: On page 3, at the foot of the page, and particularly in paragraph (c), section 5. Then, farther along in the bill we find that one must prove permanence of the service being offered by an applicant, and also must prove financial responsibility. Again one must be in business for one year. The section reads:

> (a) That during the period of twelve months next preceding the coming into force of the relevant part of this act—

New companies will have great difficulty entering the transport business if they have to prove that they were in the business for one year prior to the act coming into force, and must also prove their permanence.

How will the board of railway commissioners be able to decide what is advisable? Suppose the word "truck" were incorporated in the measure—which of course it is not, differing thereby from the bill of last year—how would the board be able to compare costs of hauling by truck, by boat or by air with railway haul costs, when no one can tell the cost of carrying goods by rail?

In evidence before the board of railway commissioners Mr. Flintoft said there was no expert in this or any other country who could tell what it actually costs to haul goods by rail. I ask the house to take note of that statement. How will it be possible for the board of transport commissioners to decide correctly when hauling costs by rail have not been gone into? They were instructed in 1925 to go into the matter, but have not yet carried out that instruction.

Ships between ports in Canada carrying goods to other ports in other provinces are to be licensed. I want to point out just how to my mind this will affect British Columbia. Shipping rates vary; they are lower or higher according to the demand for shipping. One shipping line has been taking lumber from New Westminster and Vancouver to Montreal at $5 per thousand feet under what the same lumber would have cost if carried by rail. What will that shipping company be up against when they make application for a licence? They will be asked: "How long have you been in business? Is this transport going to be permanent? Are you going to haul lumber twelve months of the year, or are you going to jump out and jump in?" and so forth. Bear this in mind: British Columbia, unlike the interior and eastern provinces, has practically only two means of transport, either by water through the Panama canal, and thence to eastern ports, or by rail.

An hon. MEMBER: And by air.

Mr. REID: They will not transport much lumber by air. I am afraid this shipping company and the lumber interests are going to find themselves in difficulties if they have to come to a board sitting in Ottawa and ask that this shipping line be allowed to transport lumber to Montreal or Quebec. Probably they will be asked by the board: "Why do you want to go into this business now? There are two railways serving the Pacific coast; we urge you to go back and use them." If this business of transport is to be carried out according to the proposed legislation, and British Columbia is to be faced with conditions such as those outlined in the bill, it will be to her disadvantage. We have no competitive lines such as are found in the eastern provinces.

On the last page of the bill these words are used:

> Nothing in this part contained shall affect any right or obligation, granted or imposed by the Maritime Freight Rates Act.

I wonder why they left out the Crowsnest Pass rates?—because they are specifically mentioned in the present Railway Act, with the Maritime Freight Rates Act. The reason for this omission will perhaps be stated in committee; at the moment I simply draw the minister's attention to the fact.

I should like to deal now with some of the arguments put before the house by the minister on the introduction of the bill. I realize the minister's anxiety to obtain revenue, but I suggest that he is going about it in the wrong way. My own view is, using an expression which may not be strictly parliamentary, that he is going to hog-tie all present and future transportation systems, and is going to bolster up a railway system which, in my view, refuses to be modernized.

I shall take one or two minutes to point out to the minister where the great losses occur on our railways, and the danger in the fact that freight traffic is being called upon to bear a heavy burden. I know the statement has been made that Canada has the lowest freight rate structure in the world. Well, that is a wide statement. Perhaps if one had time to go into it he could show that there are certain goods carried in Canada which are charged a very excessive rate indeed.

In connection with losses may I say, first of all, that in 1922 there were 165,655 employees who received salaries of $233,290,040, or an average of $1,408. That amount has been decreasing, until in 1936 we find there were only 132,781 employees receiving a total salary of $182,638,365, or an average of $1,375 per employee. I mention those figures because I am going to endeavour to show to the House of Commons that there is something more seriously wrong with our railways than is usually pointed out by many speakers both in and out of this chamber. In 1922 more than 44,000,000 passengers were carried, with an average receipt per passenger of 2·82 cents per mile. The average receipts in the year per passenger amounted to $1.79.

That figure has steadily decreased until we find that last year only 20,497,000 passengers were carried, with the average passenger receipt decreasing to $1.58. The freight traffic has not dropped to the same extent. In 1922 over 87,000,000 tons of freight were hauled. The receipts per ton averaged $2.01 and the receipts per ton mile averaged, $1.039. In 1935—I have not the figures for 1936—the freight hauled had decreased to 69,141,100 tons whereas the receipts per ton had increased to $3.06 and the receipts per ton mile had decreased only to $0.972. I am endeavouring to show that whereas there has been a considerable decrease in the case of the number of passengers carried and the revenue derived therefrom, the decrease in revenue from freight has not been nearly as great. While the freight tonnnage has decreased, at the present time it is paying more per ton than it did in 1922 or in the other years I have mentioned.

The total operating expenses of both railways in 1920 was $478,000,000, whereas in 1935 they had dropped to $261,000,000. In the meantime a number of economies had been brought about in operation. For instance three trains in 1928 equalled four in 1920. The total car capacity has been increased although the number of freight cars had dropped from something like 224,000 in 1920 to 217,000 in 1935. Fuel and upkeep costs are less and there has been a decrease in general expenses. The number of freight cars per freight train is greater and the number of employees and the compensation paid is less. Yet we have before us a bill which to my mind will load a little more on that part of the business which is already overburdened, the freight end. In spite of the fact that passenger traffic has dropped in Canada from 51,000,000 in 1919 to just over 20,000,000 last year, freight traffic has increased, as well as the receipts per ton mile.

In my opinion the minister is going about this matter in the wrong way if he expects to increase the receipts of our railways. I should like to refer briefly to what has taken place in the old country; both the leader of the opposition (Mr. Bennett) and the minister referred to that when they were speaking on the bill. We must bear in mind that this bill is not patterned after anything that now exists in the old country. As was pointed out by the leader of the opposition, it is an experiment; therefore we should be very careful about the provisions of the bill. In the old country there has been inaugurated a new system of goods rates and passenger fares which abolishes preferential and exceptional charges. It has been stipulated that wherever possible the scales of rates and tariffs shall be applied impartially over the whole system. According to this record, the passenger receipts last year in Great Britain per ton mile averaged $3.88 as compared with $1.58 for Canada.

Mr. BENNETT: They increased the first class rates.

Mr. REID: There are three rates in certain parts of the old country, but if you go into that you will find that the third class is the one that pays.

Mr. BENNETT: That is right.

Mr. REID: The railways in the old country have not just been sitting down or trying to put the motor trucks and passenger cars out of business; they have gone out and made an effort to meet modern competition. Let me give one instance of how they take care of the farmer in Great Britain. The other day a north country farmer wanted to move into the south. He just put on his hat and coat and caught a train and the railway company did the rest. They went on to his farm and crated up his pigs, poultry, implements and other possessions and installed them all on the new farm. Such policies have resulted in greater economies and more profits to the railway companies. We must bear in mind that wages in the old country are 150 per cent higher to-day than they were during the war years.

I should like to deal now as briefly as possible with some of the arguments advanced by the minister. He stated that this bill will not increase rates. That may be so, but at the same time it will not permit a decrease in rates which I claim is all-important to the development of traffic and trade. The minister stated that this bill will keep down wasteful competition, but I should like to ask him, where is the wasteful competition so far as British Columbia is concerned? There are only two railways operating from the coast and every time we have come to the board of railway commissioners for redress we have been told that we could expect no relief because they did not feel like reversing judgments which had been handed down twenty or twenty-five years ago.

The minister stated that the railways are placed under a burden because of the fact that the motor trucks are not under the same regulations. I am glad to see that for the time being motor transport is not to be covered by this bill. The minister referred a number of times to motor transport, and it may be that he proposes to take two bites of

the cherry, so to speak. He may come back another time and ask that the motor transport provisions in the bill of last year be included in this one.

The minister referred to the regulations under which the railroads had to operate. I should like to point out that the board of railway commissioners was set up to protect the public, not the railroads. When this board was set up it was felt that the railroads held a monopoly and this action was taken to prevent the further exploitation of the public. But a new principle is being introduced by this bill. This legislation is being introduced not to protect the public but to protect the railroads alone. I maintain that that principle can be found through the entire bill. It is new to this country and is something that should be watched very carefully. Because of this I felt it incumbent uopn me to speak before the bill reached the committee stage.

When this legislation was discussed last year in the senate it was argued that the agreed charges provision was to take care of unprotected competition. I ask hon. members to read this clause carefully. My reading of it leads me to the conclusion that it is intended to control protected, unprotected and every other kind of competition, with the exception for the time being of motor trucks. However, that may come along a little later. One of the most startling statements by the minister is to be found on page 1554 of Hansard, where he is reported as saying:

> On the other hand, individual carriers who fear that rate regulation will result in the establishment of unreasonably low rates, as a result of the board of transport forcing carriers to adopt the lowest rate published by an improvident competitor, can be assured that the bill provides ample remedies against such a condition.

That to me is telling the country that the rate structure is not going to be lowered much but that an endeavour is to be made to maintain it in the face of falling revenues and because of the fact that what this country needs more than anything else is increased traffic and trade.

I am going to give the house one pertinent illustration bearing on the competition of motor trucks with railways. There is a fish contract for the hauling of five tons of fish each week from Vancouver to Calgary. The rates quoted, I believe, by the railway to the people shipping the fish is six cents a pound by express and three and a quarter cents by freight, although, mark you, it costs no more to haul the fish by express, because it goes over the same track and perhaps by the same train as the freight. Two men who have a splendid line of motor trucks got in touch with the shipper. They took a trip into Alberta through the United States, and found out what taxes they would have to pay. It was ascertained that the taxes would amount to $600 per truck per year; and I mention that because it has been too glibly said in this house that the motor trucks are getting off too light. If they put this truck line into operation between Vancouver and Calgary it would cost them in taxes, about $600 per truck per annum. After going into the matter very carefully they came to the firm and said, "We will haul that fish for you at two and a quarter cents per pound and land it in Calgary two hours ahead of the train. That line would have been in operation right now, but when the men went to the customs department they were told: We cannot allow you to put the railroads out of business, and we are not going to allow you to take fish out of Vancouver, over United States highways and bring it into Calgary in bond. So that project was stopped. I mention it, Mr. Speaker, because the people of this country want lower freight rates, not higher freight rates, and the great loss on railway passenger traffic is being loaded on to the freight traffic. Instead of the railways modernizing their equipment and meeting this competition, they are saying to the minister: give us a bill that will regulate and keep out the motor truck or any other form of transport which is likely to compete with us.

It is all very well for the minister to give the house his opinion, as all ministers before him have done, or would do if placed in a similar position. But before closing I want to read from an order in council, and I ask any hon. member, if he were faced with interpreting it, whether he would not interpret it differently from what the board of railway commissioners has done.

There was an order in council passed by the government in 1925 directing the board of railway commissioners to investigate fully the freight rate structure of this country. I am going to read one clause of that order in council, which gives the board very wide, almost unlimited, powers. Here it is:

> The committee therefore advise that the board be directed to make a thorough investigation of the rate structure of railways and railway companies subject to the jurisdiction of parliament, with a view to the establishment of a fair and reasonable rate structure, which will, under substantially similar circumstances and conditions, be equal in its application to all

persons and localities, so as to permit of the freest possible interchange of commodities between the various provinces and territories of the dominion and the expansion of its trade, both foreign and domestic, having due regard to the needs of its agricultural and other basic industries.

Then it goes on to particularize. What could be wider in language than that? What could give the board greater scope? But was that ever done? Did the board ever interpret that order in the wide sense that parliament thought they would, or at least as the ordinary layman would expect? I mention it to warn the members of this house to be very careful in their consideration of this bill, which touches for the first time a new phase of transportation, and see to it that every clause is carefully scanned and that the widest powers are given to protect not only shippers but the great consuming public. Believing, Mr. Speaker, that this bill touches the province of British Columbia to a very considerable extent in that it will interfere with the shipment of lumber and other goods through the Panama canal, I felt it incumbent upon me to assure the minister and the house that I am going to watch it very carefully, and I trust that many of the matters I have touched upon will be investigated before the bill is passed.

Mr. F. C. BETTS (London): Mr. Speaker, I should like to criticize the sections of the bill contained in part V which deal with agreed charges. I take exception to them on the ground that, reading this bill and the English legislation along similar lines, it seems to me that in drafting this bill the English legislation has been followed too closely, perhaps almost slavishly, and due regard has not been had to the very marked differences, geographical and economic, between the transportation problems of this country and those of the old land.

I would submit, further, that we would be far better advised to defer the introduction of this agreed charge principle until we have had more of an opportunity of seeing how it works out in Great Britain. I would therefore urge the minister, and the committee to which this bill will be referred, to delete the agreed charge sections of the bill.

Mr. O. B. ELLIOTT (Kindersley): Mr. Speaker, may I say first, in reply to the hon. member for New Westminster (Mr. Reid) regarding freight rates, that I am informed the railways now have experts at work endeavouring to ascertain the exact cost of the movement of goods by freight and express.

I am in accord with the principle of this bill, but I am disappointed that it does not

[Mr. Reid.]

embrace other forms of transportation, such as highway traffic and the like. I am aware, of course, that highway traffic, with the exception of interprovincial traffic, is under the jurisdiction of the province, and at this time perhaps no good purpose would be served by including it. Such pressure, however, is being exerted from various sources at this time for the amalgamation of the railway systems of this country into a monopoly that it seems to me the time is ripe to place all our systems of transportation on an equitable basis, taking into consideration their national significance, all subsidies granted by governments in various ways and by various methods, and the different costs of maintenance.

One important provision which I think it might be well to include in this bill would be that the drivers of all vehicles engaged in the transportation of freight and passengers should be required to pass a medical examination. On the railway systems there is a provision that any employee who has to do with the handling of train service and is governed by signals must undergo at least every two years a physical examination for sight and hearing. Drivers of vehicles whose sight and hearing are defective are one of the greatest hazards we have to contend with on the highways.

One other item, recommended by the dominion joint legislative committee of the railroad transportation brotherhoods, might be brought to the attention of the minister at this time. It reads in part:

> That the Minister of Transport arrange to collect information regarding rates prescribed or charged by public carriers of freight and passengers in the various provinces and rates charged by railway companies and communicate the information to the provinces to the end that a fair and equitable basis may be arrived at for the establishing of uniform rates for highway transportation of passengers and freight.

The bill provides for the changing of the board of railway commissioners to the board of transport commissioners, which is necessary owing to the added duties of governing transport by air and water. I was interested to find out exactly what have been the duties of the board of railway commissioners and where their work leads them in dealing with the various matters that come to their attention. The report with regard to schedules handled by the traffic division shows that an average of 170 schedules was filed for each working day of the year, and is distributed among various items such as: Freight, 38,733; passengers, 7,894; express, 2,282; telephone, 1,493; telegraph, 13; sleeping and parlour car, 40, and bridge tolls, 7, a total of 50,462

schedules handled. It was necessary to hold 44 sittings of the board, covering 111 formal hearings from the total of 2,204 applications and complaints received, of which 94·96 per cent were disposed of without the necessity of formal hearings. The commission travelled 531,490 miles handling these formal hearings, which required 35 out of 100 working days. They are also required to report to the Minister of Transport (Mr. Howe) the amount of difference between the tolls and the normal tolls under the Maritime Freight Rates Act of 1927; and between July, 1936, and June, 1937, inclusive, there were filed 18,968 abstracts, which involved checking 1,403,632 rates, 701,816 extensions, the additions of 18,968 columns of figures and the issuance of 3,494 corrections in rates.

There is also an engineering department which handles all matters of the allocation of funds by this parliament for the purpose of distribution by the board. Their department investigate and regulate all methods of safety, grade crossing accidents, farm crossing accidents, inductive interference, drainage and many other complaints that come to their attention; the inspection of locomotive boilers, safety appliances on rolling stock, train and station services, removal and appointment of agents, fire protection, and the storage of equipment to handle liquefied petroleum gases. From this description it will be seen that their activities are very extensive, and with the duties now added or to be added by this bill I presume they will require a large increase of staff.

The minister should be commended also for the inclusion under section 30 of regulations governing concessions for transport by air and water. I assume this, however, does not prohibit the transport of commodities under permit for relief purposes at reduced rates, or free, such as was handled by the railways in recent years. I was interested to know what has been the cost to the railways of handling freight of this kind during the last eight years. I therefore wrote to them, and have received the following replies.

The Canadian Pacific Railway Company advise that between 1930 and 1937 the loss of tolls to them in this respect was $3,561,245.04. The Canadian National Railways report theirs under two heads, namely, reduced arrangements and free arrangements. Under reduced arrangements their loss of revenue was $2,138,379.41, and under free arrangements, $466,889.37. The reduced arrangements are for the handling of hay and straw, grain, feed, live stock, settlers' effects, haying outfits, cattle for slaughtering, fruit and vegetables not donated but purchased by the dominion and provincial governments, live stock handled to the government reserve at Brandon for grazing, and fuel-wood. Under free arrangements the traffic handled comprises clothing, books, produce, fruit and vegetables which were donated by the various church organizations for free distribution among the drought relief sufferers in the provinces involved. The total loss was $6,166,513.82. I believe that this will prove conclusively how indispensable railway services are to Canada.

It is my opinion that the transportation facilities of this country are not being operated to the best advantage of the country as a whole. Sources of supply of many of our important commodities are segregated in specific areas, and in order to distribute them, which at present is being done on distance tariffs, a point farthest removed from the commodity necessarily is assessed the highest freight rate. In a country like Canada, with extensive geographical proportions, severe temperatures, and a demand for supplies in great quantities for the comfort and welfare both of industry and of individuals, we should give careful consideration to the proper function of transportation facilities throughout the dominion and how they should be provided. Should they be provided at cost, or below cost, and for what reason? At present the provinces and the dominion are contributing large sums of money annually for maintenance of highways for motor traffic. In addition the cities are providing paved streets, mostly at the expense of realty property, for the same purpose.

I wished to make a comparison of the expense of highway motor traffic and upkeep and operation of canals with the annual deficit of the Canadian National Railways. The provincial government highway funded debt and annual charges thereon to December, 1935, amounted to $492,290,334, with annual charges for interest and sinking fund of $25,587,461. The grand total expended on highways in 1935 amounted to $92,490,449, made up as follows:

Capital expenditures	$42,438,560
Interest	22,801,669
Payment on principal	2,785,792
Maintenance	21,716,770
Plant and general expenditures	2,747,658

It is estimated that $37,866,826 was expended on highways over revenues received.

We have invested in canals and harbours and aids to navigation up to March 31, 1936 a capital sum of $789,971,672. Maintenance and operation for the year amounted to $33,223,548, with a revenue of $1,166,530, showing an excess of expenditure over revenue of $32,057,018. The total deficit on highways and

canals therefore approximates $70,000,000, which is slightly more than the deficit of the Canadian National Railways.

Taking it from another angle, Mr. S. W. Fairweather, Canadian National Railways economic expert, speaking at Toronto on December 6, 1937, stated that in percentages of national income Canada's total land transportation bill is approximately as follows:

	Per cent
Steam railways	9
Motor vehicles and highways	20
Street and electric railways	1
Airlines	1

He goes on to say that if an attempt were made to perform with the motor vehicle the services now rendered by the railways we would spend forty per cent of our national income.

We are subsidizing export shipments of wheat by low freight rates, while at the same time wheat for consumption in British Columbia is charged almost double the export rate. Competitive rates by freight and express to meet motor competition as well as passenger rates, are much below the published rates of the railways, which would indicate that by an increase in passenger and freight traffic a general revision of tariffs could be accomplished. I know from personal experience that in a certain city in the west the railways attempted to reduce their rates in order to meet highway traffic competition, but on every occasion the motor trucks reduced their rates below those of the railways, which in turn compelled them to carry freight and express at much below cost. If the principle is right that highway traffic, canals and ocean shipping can be subsidized effectively, it appears to me that a proper system of railway freight tariffs applying on bulk shipments of heavy commodities having to be transported great distances would have a beneficial effect on Canadian business and industry generally.

We all recognize that transportation is essential to our national life in peace, and perhaps particularly in war, and it is essential that the problem be solved to the advantage of all the communities in the dominion. It is my belief that a system of transportation rates under which the delivered cost of all necessaries of life would be uniform at every point in Canada reached by the transportation system is desirable. I venture to say that, as a result, in the course of a few years Canadian business and municipalities, as well as the railways, would be the most prosperous in the world. For example, putting the Canadian National Railways to work hauling coal to tidewater, to western Ontario, Saskatchewan and Manitoba points, at a rate not exceeding $2 a ton, so that shippers could deliver a good quality of coal at perhaps $5 a ton from our Alberta and Saskatchewan fields, would go far to solve the railway problem at the present time. It would put many thousands of men into permanent employment and do away with the necessity of a debate such as we had here on Monday regarding large numbers of men being laid off by the railways.

In cities like Winnipeg, Regina, Moose Jaw, Vancouver, or Prince Rupert, if fuel costs were cut in half it would immediately offset the burden of taxation. Take for instance an industry requiring four tons of coal a day. At $10 a ton, which they have to pay at the present time, the industry is unable to operate, but at $5 a ton it could flourish, keeping men in employment, giving the community the satisfaction of added business, and the railways perhaps sufficient profit. This I think would warrant the railways adopting such a policy and earning dividends, instead of bemoaning their troubles and unloading their deficit on the government.

Lumber, coal, grain, fruit, etc., are geared to give the railways real money on an equalized rate basis. At the present time, when the prairie people are so urgently in need of building material, transportation costs on lumber from British Columbia to the prairie provinces are equivalent to if not greater than the price of the lumber. Houses are most urgently needed throughout the prairies, and elsewhere in the dominion so far as that is concerned. Owing to the curtailment of their earning power, people have not been able to make good the depletion of their resources. I understand that Winnipeg during the last two years has had about 5,300 marriages, with no increase in housing accommodation.

The purpose of the bill, as I see it, is to assist transportation agencies in meeting their financial obligations, as well as to prevent discrimination between different types of transportation. I foresee the possibility in the near future of amendments to this bill to make it include the whole of our transportation system. I hope this will be possible, but I see no reason for delaying action at this time towards the solution of our railway problem until we can coordinate all kinds of transportation. I suggest a policy of bringing the necessities of life and of industry to every community in Canada reached by rail or water, on a uniform cost basis fairly approximating world values. With such a policy I am convinced that Canada would soon be the richest country per capita in the world. By making Canada prosperous we would soon

overcome the handicap of our small per capita population in regard to railway mileage. I was interested in checking up the population per mile. I find that in 1901 we had a population of 5,337,000 with 18,100 miles of railway, or 300 people per mile. In 1916, with 7,500,000 people, the railway mileage had increased to 40,584, or 185 people per mile. In 1932 with 41,024 miles of railway we had 224 people per mile, and in 1937, with 42,000 miles of railway, that had increased to 261 people per mile.

It might be interesting also to note how the population is distributed according to provinces, as follows:

	Population	Railroad mileage	Per Capita
P.E.I.	92,000	286·05	322
Nova Scotia	537,000	1,397·21	384
New Brunswick	435,000	1,871·22	232
Quebec	3,096,000	4,777·45	648
Ontario	3,690,000	10,746·06	343
Manitoba	711,000	4,859·57	146
Saskatchewan	931,000	8,623·52	108
Alberta	772,000	5,686·44	136
British Columbia	750,000	3,907·37	192
Yukon Territory	4,000	57·72	693
Total	11,028,000	42,212·61	261

Saskatchewan, as will be noted, has the smallest population per mile of railway, but much of this mileage was constructed to connect with the sources of raw material, such as coal in Alberta and fish and lumber in British Columbia, and latterly great quantities of oil and salt in Alberta, in addition to agricultural products. For years the railways struggled against high tariff walls in the United States, but even worse than those high tariffs was the policy of keeping in effect a destructive system of freight rates which neutralized the existence of favourable grades for freight handling on the Canadian National. One instance is that portion of the Canadian National which reaches the Pacific ocean at Prince Rupert, which is three days less steaming distance to oriental ports than any other north Pacific point. The million dollars tied up in the Prince Rupert branch of the Canadian National is kept dormant because the rate on coal from the mountain coal fields, for example has been fixed and kept at an amount higher than the value of the coal at tidewater.

We have other coal resources which are not being exploited. I refer to the Groundhog anthracite coal fields, which of course would require a connection with the Peace river district and an outlet on the western coast. The Groundhog coal fields contain the largest compact body of anthracite so far discovered in the world, sufficiently close to Pacific ports to permit the coal to be delivered to any port on the coast at a very low freight rate. It is estimated that it can be delivered to any trading port in the world at less than $8 per ton. This in my estimation is a national prize that is worth taking, but after reviewing the coal situation in various parts of the world I believe it should be handled as a public utility, which eventually would develop into a great national asset.

In conclusion I should like to direct a question to the Minister of Transport (Mr. Howe) with regard to tolls on our canal system. I should like to know if in any way this bill will inaugurate a system of canal tolls.

Mr. H. C. GREEN (Vancouver South): Mr. Speaker, the question how we in this national parliament can help to improve the transportation industry in Canada is most difficult and involved; perhaps even more involved and more difficult is the question of freight rates. I realize that this bill is to be sent to the railway committee, where there will be an opportunity to have it considered in detail; but before it reaches that stage I should like to point out one or two things to the minister and, if he sees fit, I would ask him to clear them up in his remarks when he closes the debate.

The other night the minister said that the object of this bill was the stabilization of the transport industry in Canada, which we all agree is a very worthy object indeed. I think the first four parts of the bill undoubtedly will help to accomplish that end. They are provisions dealing with the appointment of the board, with transportation by water, with transportation by air, and with traffic tolls and rates. The key to these four parts, however, is contained in section 24 of the bill, which I will read to the house:

24. (1) All tolls shall always under substantially similar circumstances and conditions, in respect of all traffic of the same description, and carried in like manner over the same route, be charged equally to all persons and at the same rate, whether by weight, mileage or otherwise.

(2) No reduction or advance in any such tolls shall be made either directly or indirectly, in favour of or against any particular passenger or shipper.

(3) No toll shall be charged which unjustly discriminates between different localities.

The minister will agree that this section is almost word for word with section 314 of the Railway Act. It appears to have been copied from the Railway Act.

Mr. HOWE: Yes; it is the same.

Mr. GREEN: So far the principle of the bill seems to me to be correct; but in part V we have a new principle, a second principle, which I doubt very much will help to stabilize the transport industry. It overrides the section I have just read. I would refer the minister to the first few lines of section 35, which is the first section dealing with agreed charges. It says:

Notwithstanding anything in the Railway Act, or in this act—

That, of course, would cover section 24.

—or in any other statute, a carrier may make such charge or charges for the transport of the goods of any shipper or for the transport of any part of his goods as may be agreed between the carrier and that shipper—

That is an entirely new principle.

Mr. HOWE: Mr. Speaker, I think it is hardly fair to read that clause without reading the whole section. My hon. friend stopped just where the limitation comes in with regard to what he read. I think he should read the rest of it.

Mr. GREEN: I have no intention whatever of being unfair, and if the minister wishes I shall be glad to read the balance of the subsection:

Provided that 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 can, having regard to all the circumstances, adequately be secured by means of a special or competitive tariff of tolls under the railway act or this act.

I submit this proviso does not help very much.

It may be wise to have a provision for agreed charges in order to meet traffic which is competing with the railways, but which is uncontrolled—in other words, traffic which does not come under the act such as competition provided by motor trucks which, we all admit, is serious. I will not deal with the question as to whether or not provision should be made to enable the railways to deal harshly with motor truck competition; arguments have been brought forward in favour of a provision for that purpose. But I do suggest to the minister that a way of meeting uncontrolled traffic was all the railways were asking last year when they appeared before the standing committee of the senate on railways, telegraphs and harbours with respect to Bill B of the senate. I would refer to page 332 of the proceedings before that committee and particularly to an answer given by Mr. E. P. Flintoft, K.C., who was representing the Railway Association of Canada. He said this:

There is this situation which is not covered by the act. There is all this local traffic, intraprovincial traffic that is being carried by the trucks, which this bill will not affect, and in respect of which they can make all the agreements they like. We say all the carriers should be in the same position, and that we should have the opportunity of making agreed charges if we find it necessary to do so in order to meet that traffic which is uncontrolled by this act.

The present measure seeks to go farther than that. It enables the railways to challenge and perhaps to wipe out competing traffic, traffic which is competing fairly and which, like the railways, is actually controlled by this measure.

An example is transport by water. It is with that one point that the people on the Pacific coast are so very much concerned. As the minister is well aware, there is water transport from eastern Canada through the Panama canal to British Columbia. Of course, there is transhipment in certain cases; but we know that goods are moved by water from Ontario, Montreal and Quebec, and in the winter from Halifax or St. John, through the Panama canal to British Columbia.

That canal was completed during the great war, but it took several years for the people of Canada and even for our business men to realize what great advantages had accrued to them by reason of its completion. However, because of that canal we now have established in Canada a great many comparatively short rail hauls from each coast to the interior. For example, goods brought by water to Vancouver are carried by rail to Calgary, Edmonton and other points in Alberta, being shipped cheaper by water through the canal to Vancouver and thence to points in Alberta than they can be shipped from eastern Canadian points to Alberta by rail. There is the possibility that under this bill that advantage might be destroyed.

As all hon. members are aware, water transport is cheaper than rail transport and, as I have said, we can get some goods from eastern Canada cheaper by water than by rail. While we cannot get all goods cheaper, the very fact that there is water transportation means that there is competition for the railways, and that railway rates to the coast have been cut to meet these water rates. I believe that in some cases goods can be shipped cheaper to the Pacific coast from eastern Canada than they can be shipped to Calgary and Edmonton, and the reason is that there is water competition through the Panama canal. That is of great benefit not only to the people in my province but to manufacturers and shippers in Ontario, Quebec and

the maritime provinces and it is of great benefit to the people in Alberta because they can obtain goods cheaper in that way than by having them hauled all rail across Canada.

Yet under part V of the bill, by making agreed charges with the companies at present shipping goods by water, the railways can cut into this water transport business, and perhaps will be able to wipe it out altogether. If the water competition is wiped out, the result will almost certainly be an increase in freight rates to the coast which, I submit, is absolutely unfair, particularly in view of the fact that this same water transport is actually regulated by the bill. The bill gives the new board of transport commissioners the power to regulate water transport. It was believed, incidentally, that coast to coast water transport would not come under control; but not only traffic from British Columbia to Ontario and Quebec is covered by this bill but also traffic from Halifax and Saint John and other maritime points to Quebec and Ontario. I submit that it is not fair that the railways should, under the bill, be in a position to attack and perhaps to destroy fair competition by water, which is also regulated under the bill.

Mention has been made of the effect the measure would have on small dealers. The argument is that the large dealers, such as departmental and chain stores, will be able to make special arrangements with the railways, whereby they will have their goods transported more cheaply than will the small dealers. That will affect British Columbia more than any other province in Canada, because the cost of hauling goods to the coast is a greater item in prices than it is in any other part of Canada. I do not see how the measure can help being detrimental to the small dealer. It is true that there are protective clauses. I have no doubt those clauses have been carefully drawn, because I know the minister is most conscientious in all things, but I suggest that those protective clauses may sound better than they will work. A small dealer is not in a position to come from British Columbia to Ottawa, or from Calgary or Edmonton to Ottawa to appear before the transport board. He is not in a position to hire expensive counsel to represent him. The net result will be that the big man will receive the benefits and the little man will be just out of luck. That is not fair. The protective clauses are too cumbersome. I believe the result will be discrimination, and just the reverse of the stabilization of the industry which the minister is so anxious to achieve.

Then, I should like him to explain to us why such commodities as iron bars, rails, flour and grain products, newsprint, wood pulp, lumber and lumber products, naphtha, fuel oil in drums, sugar in bags and articles of that type, are not defined as "goods in bulk" and thereby taken out from regulation under the—

Mr. HOWE: What do you leave in? Name two or three articles you leave in.

Mr. GREEN: I should like to know why some of these are not included. This bill has the appearance of forcing the carriage of package freight by rail rather than by water on the great lakes.

In conclusion, there is one other point I should like to mention. For years we have been pressing for the completion of the trans-Canada highway, but the remarks of the minister when introducing this bill the other day would lead me to fear that there is not much possibility of the present government completing the road. I do not know whether my conclusion is just, but that is the way it looks to me. I suggest to the minister that the completion of this highway would not hurt the railways. It would provide a means for Canadians to travel through their own country; at the present time thousands and perhaps hundreds of thousands of Canadians are forced to travel through the United States; in addition it would mean a greatly increased revenue from the tourist industry, and I believe it would actually be one way of helping to solve our transportation problems.

Hon. C. D. HOWE (Minister of Transport): Mr. Speaker, I think it can fairly be said that there is general agreement as to the principle of this bill, although this is tinged with some scepticism. However, that is not surprising as this is a difficult bill. None the less I consider it an extremely important piece of legislation; Ever since I accepted my present office, a substantial number of citizens has been asking me why I did not do something courageous about the railway problem. I have heard the word "courage" almost every day. I believe the introduction of this bill requires a little courage as it introduces a new principle, particularly part V. I urge that we all take a courageous view of this matter.

The provisions of this bill will be applied by the board of railway commissioners, about which we know something and in which we have great confidence. It is true the name of the board will be changed, but that will be the only change. It will be still a board set up by the people of Canada for the protection of the people of Canada.

There is no doubt that the provisions of this bill will have to be applied with a great deal of caution, but I think we can trust the board to proceed cautiously in its work. After a great deal of study I am convinced that this is the procedure which will give the most help to our transportation system and cause the least disturbance to business generally. I think it is the only practical thing we can do at this particular time. I regret that a year has been lost since this legislation was first introduced, as some progress might have been made in that time in working out the principles of the bill.

As I followed the discussion it appeared to me that there is not much question as to the desirability of regulating the rates of inland shipping and the aviation industry. I know our aviation industry in particular has felt the need of regulation. I think I can say that both these industries are acquiescing in the move now being made. They realize that it will be in their interests to have a board set up before which they can appear to justify the rates they are charging. The hon. member for Comox-Alberni (Mr. Neill) has objected to our not including rate regulation for the Pacific coast, but I say to him frankly that the reason that is not included is a desire to keep this bill down to the bare essentials.

I had a rather gruelling experience last year in piloting a similar bill through a committee, and I have introduced this bill on the assumption that it should be kept within strict limits if it is to complete its passage through parliament. I admit at once that the contentions of the hon. member are fairly well justified, particularly in their application to the Pacific coast where the steamships of our two railway companies carry a large proportion of the freight and are subject to the regulations of the railway board. I think I have assumed my full share of responsibility in bringing down the bill in its present form, and if the hon. member will take the responsibility for the suggestions he has made and can convince the committee, when the bill is before it, that they should be added to the bill, I shall give him my best support in having an amendment adopted.

Let me deal now with the matter of agreed charges, which will be the difficult part of this legislation. I am convinced that the fears and alarms in connection with agreed charges can be largely dispelled by a full discussion. The first study of these agreed charges creates a worse impression than the facts warrant. We have in this country at the present time an intolerable situation, in that our railway tariffs are the barometer for what other forms of transportation may charge. We have built up over the years a rate structure which I think we all believe is absolutely essential to the well-being of Canada. The basis of that rate structure is that low priced commodities shall be carried at a low rate, and that the natural products of our country, particularly those of our prairies, shall be carried the great distances to our seaboard at export rates which are undoubtedly the lowest on this continent. I believe Canada has the lowest ton mile rates of any country in the world.

To permit our railways to carry these commodities long distances at exceedingly low rates, it was necessary that the structure provide that the rates on commodities of a greater value and moving shorter distances should be proportionately higher. The rate structure having been built on that basis, the result is that the railroads have been exceedingly vulnerable to competition from motor trucks. These motor trucks are interested only in high-grade commodities, and serious inroads have been made in the tonnage of these commodities carried by the railroads. The railroads have attempted to meet that competition by a general reduction in commodity rates, that is, by applying competitive tariffs.

Mr. BENNETT: And reducing express charges.

Mr. HOWE: And by reducing express charges and speeding up trains. The speeding up of trains is a proper competitive move, in that it provides perhaps a better service than can be given by the trucks. But in the matter of rates the railway is, in the long run, helpless. For instance, a large manufacturer or dealer in an important railway commodity can go to the railway and say: "I have been offered a certain rate for moving my business by truck; I prefer to move by railway, but you must meet that truck rate." The traffic officers give the matter some study and find that it is in the interest of the railway to retain that business, and so say to the shipper: "We will meet the rate; we will cut our tariff to hold your business." That means that they cut their tariff from coast to coast. But that does not hold the business at all. It may hold it for a while; but after a few months the trucker may come back and say: "I have worked out my schedules so that I can now cut that rate again, and I will take your business." The railway having gone as far at it could go, cannot cut its rate again and so must say to the shipper: "Very well; we throw up our hands; move your business by truck."

I claim, Mr. Speaker, and we all know, that the railways are capable of moving a ton-mile of freight at a cheaper rate than any other mode of transportation except the bulk carriers, and it seems to me that having that fundamental advantage the railways should be placed in a competitive position where they can reap the benefit of that fundamental advantage. It seems to me hardly fair to make the railways forever the regulator of rates on highway traffic. We have a good many cases before the railway board for tearing up branch lines on which all the traffic has been lost to the trucks. Of course, when we attempt to take up such a branch line, we have serious objections from shippers all along the line, even though they are not users of the railway. The basis of their objection is not that they need the railway themselves for moving their goods; but they say: "We need that railway to regulate truck rates; do not leave us at the mercy of the truckers." Surely it is not reasonable to ask that the railways be maintained merely to set a rate under which trucks must operate to take competitive business.

Great Britain had this trouble perhaps to a greater extent than Canada, because their distances are shorter and a larger proportion of railway business there is vulnerable to truck competition than would be the case in Canada. In the old country the principle of agreed charges has been adopted and applied, and I am told that after a thorough trial the British people are well satisfied with agreed charges as a means of straightening out their transportation difficulties. My deputy minister spent some months in England within the last year studying this question. He made a thorough report on the subject, and I was convinced by his report that our earlier information was correct and that agreed charges are working out to the benefit of the public as well as of the transportation industry itself. I urge that every member give some study to the question of agreed charges and not form his opinion from one or two cases only, which may be brought before him.

It must be borne in mind that the essence of an agreed charge is a lack of discrimination. It must be obvious that it is not detrimental to the small shipper as against the large shipper, because if an agreed charge is given to a large shipper the railways must be prepared to grant the same agreed charge to any shipper, large or small, who is willing to comply with the same terms as the shipper for whom the agreed charge is made. That is the essence of the agreement, and the first duty of the board of transport commissioners will be to see, before an agreed charge is decided upon, that there is no discrimination.

Mr. LAWSON: If there was an agreed charge for the movement of an average of, say one hundred thousand tons a year by a large shipper, do I understand the minister's statement to mean that the same agreed charge would be applicable to some smaller firm that was moving only one thousand tons in the same year?

Mr. HOWE: Exactly. The charge must be the same to all persons who are willing to abide by the same conditions. In other words, the agreement is a public document, and anyone who is willing to write the same agreement must get the same treatment.

Mr. LAWSON: The same except as to quantity.

Mr. HOWE: The same except as to quantity. The conditions of the movement must be the same; the bill provides for that.

The hon. member for Vancouver South (Mr. Green) mentioned shipments by the Panama canal. The United States for many years has found it necessary to regulate all coastwise shipments via the Panama canal. That comes in direct competition with the railways, and when regulation was applied to shipping, the coastwise shipping through the Panama canal was the first item to which regulation was applied.

Mr. GREEN: But had they these agreed charges?

Mr. HOWE: I do not know what that has to do with the question, but as a matter of fact they have not agreed charges in the United States.

Mr. BENNETT: That is his point, that the agreed charges have to do with Panama shipments.

Mr. HOWE: Quite. In the first place I would say that we have protection in the bill against the very thing that my hon. friend fears.

My hon. friend also said that this bill was a slavish copy of the British act.

Mr. GREEN: I did not say that.

Mr. BENNETT: It was the hon. member for London (Mr. Betts).

Mr. HOWE: I am sorry. The British act provides that any shipper or body of shippers can produce an agreed charge. We go further than that. We also provide that any carrier can protest against the agreed charge; that is, any carrier under this act, which means any regulated carrier.

Mr. BENNETT: Would that mean that one carrier could protest against another carrier making an agreed charge?

Mr. HOWE: Quite. Any carrier may protest that the agreed charge is unduly injurious to his business. We have a further provision, that even after the agreed charge is made, if representation is made to the minister that in the public interest this charge is working unfairly, the minister can send the case back to the transport board for rehearing. That clause was introduced in the English act, and we have it in our bill exactly for the reason my hon. friend suggests, to make sure that an agreed charge, even after it is agreed to, is not working to put a competitor out of business. So I think further study will indicate that we have ample safeguards.

What is the situation to-day with regard to that one ship? I think we have only one ship plying between Vancouver and Montreal. That one ship has agreements with the railways that "We will take only a certain proportion of this thing and only a certain proportion of that thing." They carry it at the railway rates; they fill the boat at the expense of the railways. Why is it unfair to bring that boat under regulation? If a spread in prices is required, let the board determine what the spread will be; but why have this month to month rule that "We will only have fifty per cent of the salmon or thirty per cent of the iron rods," or "We will take ten per cent of the automobiles"? Why not come out in the open, lay the agreement before the board of transport commissioners and get it approved in the ordinary way? I cannot see anything in the position of that one boat that is different from that of any other boat which is being brought under regulation in the coastal trade of Canada.

Mr. GREEN: Is it the intention in this bill to prevent competition by that line of ships? I believe it is not one ship only, but different ships that are used; ships under charter are brought in and put on this work.

Mr. HOWE: No. But we want competition in the open. We want all competitive factors applying the same rules. A ship at Vancouver can file with the board of transport commissioners any rate that it likes, and I have reason to believe that if it is the only ship plying there, the board will approve that rate. But the railways have a right to know what the ship is charging, just as the ship will have a right to know what the railway is charging. There will be the same publicity in both cases, and we shall not have the situation we have to-day, of a ship being able to shop around anywhere it likes with undisclosed rates, as against the railway which has full publication of its rates.

[Mr. Bennett.]

Mr. BENNETT: Can we do that in the case of a ship which is registered in another country,—a British ship registered in London, for instance?

Mr. HOWE: A British ship entering the coastal trade must abide by the laws of Canada.

Mr. BENNETT: I know that.

Mr. HOWE: A foreign ship cannot engage in the coastal trade.

Mr. BENNETT: I am referring to one which would run from Vancouver to Montreal.

Mr. HOWE: It is engaged in coastal trade if it runs between two Canadian ports, and it must abide by the laws of Canada. We have gone fully into that, and we find that such a ship is subject to regulation.

It is nearly six o'clock, and I believe I have said all that needs to be said at the present time. After the bill receives second reading, I shall ask that it be sent to the standing committee on railways, canals and telegraph lines, where it will have a most searching examination.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

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

Thursday, March 24, 1938

The house met at three o'clock.

RAILWAYS AND CANALS

Third report of the standing committee on railways, canals and telegraph lines.—Mr. Vien.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 54 for the relief of Mary Lorraine Ward Williamson.—Mr. Plaxton.

Bill No. 55 for the relief of Lyall Gibson Hodges.—Mr. Bothwell.

Bill No. 56 for the relief of Esther Lazarovitch Cohen.—Mr. Jacobs.

Bill No. 57 for the relief of Dorothy Reaves McMartin.—Mr. Jacobs.

Bill No. 58 for the relief of Mary Dorothy Picard Whitcombe.—Mr. Plaxton.

Bill No. 59 for the relief of Emil Kastus.—Mr. Jacobs.

Bill No. 60 for the relief of Eva Fleming Hislop.—Mr. Betts.

Bill No. 61 for the relief of Sigmund Oravec. —Mr. Walsh.

Bill No. 62 for the relief of Robert Parry. —Mr. Jacobs.

Bill No. 63 for the relief of Nacha Ferszt Klajner (otherwise known as Nora Firstenfeld Klein).—Mr. Walsh.

Bill No. 64 for the relief of Leonora May Howard.—Mr. Walsh.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SASKATCHEWAN RELIEF ADMINISTRATION

Mr. PERLEY:

1. What salary was paid by the federal government to Dr. Stapleford for his services in distributing relief in the province of Saskatchewan?

2. What salary is paid to Dr. Stapleford for his services in connection with the survey he is conducting with respect to relief in the province of Saskatchewan?

Mr. GARDINER: Dr. Stapleford has been paid at the rate of $500 per month from October 7, 1937, to date, for his services in distributing relief in and making a survey with respect to relief in the province of Saskatchewan.

Mr. PERLEY:

1. What are the names of the forty-five federal government inspectors in the province of Saskatchewan in connection with relief administration?

2. What were their respective former occupations?

3. What are their respective salaries, including expense allowances?

Mr. GARDINER:

List of inspectors in Saskatchewan as at February 1, 1938:

1. and 2. S. Banks, farmer; B. J. Brockmann, farmer; R. V. Cameron, farmer; J. A. Davis, provincial agricultural representative; A. W. Daurie, grain buyer; B. S. Dermody, real estate agent; S. Forsyth, farmer; T. P. Hagerman, grain buyer; C. Henderson, farmer; E. Hogan, farmer; A. P. Humphrey, insurance agent; J. L. Laurie, grain buyer; S. McBain, farmer; W. Mitchell, farmer; B. A. Newton, farmer; H. L. Roberge, farmer; D. M. Robertson, farmer; J. F. Symington, garage man; H. S. Thompson, farmer; F. W. Widdifield, farmer; A. S. Agnew, agent; W. Hagarty, farmer; O. Parker, farmer; G. Andrew, farmer; I. S. Bricker, farmer; J. W. Rose, farmer; J. W. Pennington, insurance agent; R. E. Gleiser, merchant.

3. $125 per month and actual expenses.

CANADIAN WHEAT SHIPMENTS

Mr. ISNOR:

1. What was the total shipment, in bushels, of Canadian wheat for overseas destinations during the months of January, 1936, 1937, 1938, and February, 1936, 1937, 1938?

2. What quantities, for each period, were shipped from Canadian Pacific seaboard ports, Canadian Atlantic seaboard ports and United States Atlantic seaboard ports?

3. What quantities, for each period, were shipped via port of Halifax, Nova Scotia, and port of Saint John, New Brunswick?

4. What quantity, for each period, was shipped over Canadian National Railways to port of Halifax, Nova Scotia?

5. What quantity, for each period, was shipped over Canadian National Railways to port of Saint John, New Brunswick?

Mr. EULER:

1.

	Bushels
January, 1936	15,307,667
January, 1937	8,665,954
January, 1938	5,012,093
February, 1936	16,284,349
February, 1937	6,695,806
February, 1938	5,139,330

2.

	Via Canadian Pacific seaboard ports	Via Canadian Atlantic seaboard ports	Via U.S.A. Atlantic seaboard ports
	Bushels	Bushels	Bushels
Jan., 1936	6,532,183	3,797,484	4,978,000
Jan., 1937	4,031,100	2,456,399	2,178,455
Jan., 1938	1,473,993	2,165,076	1,373,024
Feb., 1936	10,020,035	2,954,314	3,310,000
Feb., 1937	2,200,257	2,994,504	1,501,045
Feb., 1938	1,584,825	1,772,082	1,782,423

3.

	Bushels
Halifax—	
January, 1936	629,185
January, 1937	343,448
January, 1938	47,994
February, 1936	533,746
February, 1937	1,133,060
February, 1938	16,040
St. John—	
January, 1936	485,268
January, 1937	54,268
January, 1938	....
February, 1936	112,000
February, 1937	68,219
February, 1938	....
West St. John—	
January, 1936	2,682,492
January, 1937	2,058,203
January, 1938	2,115,668
February, 1936	2,308,128
February, 1937	1,792,885
February, 1938	1,746,285

4. †Quantities received at port of Halifax (all railways):

	Bushels
January, 1936	519,931
January, 1937	87,884
January, 1938	4,113
February, 1936	295,649
February, 1937	334,652
February, 1938	16,039

5. †Quantities received at port of Saint John (all railways):

St. John—	Bushels
January, 1936	417,973
January, 1937	....
January, 1938	....
February, 1936	166,701
February, 1937	....
February, 1938	....
West St. John—	
January, 1936	2,979,479
January, 1937	1,655,471
January, 1938	2,198,977
February, 1936	2,067,897
February, 1937	1,516,093
February, 1938	1,357,460

†A record of the separate quantities of grain shipped over the Canadian National and Canadian Pacific Railways to the ports of Halifax and Saint John is not available from government sources.

*J. M. EDDY

Mr. COLDWELL:

1. Is one J. M. Eddy, of Bethune, Saskatchewan, in the employ of the farm loan board or the prairie farm rehabilitation?

2. If so, for what period has he been employed? What was his salary? What were his expenses?

Mr. GARDINER: This question presumably refers to work done under my department in connection with prairie farm rehabilitation. We have examined fully into the matter and find that there is no such person employed.

Mr. SPEAKER: Answered.

DEMURRAGE ON RELIEF CARS, SASKATCHEWAN

Mr. PERLEY:

1. What amount has been paid since the 1st of August, 1937, to date, to the Canadian Pacific Railway and the Canadian National Railways on account of demurrage on relief cars in the province of Saskatchewan?

2. What amount, if any, is still outstanding and to be paid to the said railway companies for demurrage on relief cars in the said province?

[Mr. Euler.]

Mr. GARDINER:

1. Canadian Pacific Railway, $477; Canadian National Railways, $246.

2. Nil.

CHILLIWACK, B.C., POST OFFICE

Mr. BARBER:

1. What was the total cost of repairs, painting, alterations, etc., to the post office building at Chilliwack, British Columbia, during each of the years 1936-37 and 1937-38?

2. Who were invited to tender for such work?

3. Who were the successful tenderers and what amount was paid to each?

Mr. CARDIN:

1. 1936-37, $27.65; 1937-38, $263.70.

2 and 3. As works were of a minor nature competitive tenders were not asked. The following works were done:—

1936-37

Plumbing repairs—Farqueharson & Eckel Ltd.	$24 15
Glazing—Davies & Logan Hardware	3 50
	$27.65

1937-38

Installing railing—J. F. Semple	$ 30 00
Repairs & painting—W. Bowman	140 00
Grates for furnace—Farqueharson & Eckel Ltd.	51 41
New toilet and tank—Farqueharson & Eckel Ltd.	35 94
Glazing—C. H. Semple	6 35
	$263 70

CANADA AND GULF TERMINAL RAILWAY

Mr. LAPOINTE (Matapedia-Matane):

1. Has the federal government had any negotiations during the last fifteen years with the Canada and Gulf Terminal Railway with a view to the purchase of such railway?

2. If so, what were the results?

3. If purchase was not made, what reasons are given?

Mr. HOWE:

1. Acquisition by Canadian National Railways, was proposed in 1927 and again more recently.

2. Negative.

3. Because of heavy losses which would be involved.

*VISIT OF CABINET MINISTERS TO ALBERTA

Mr. JOHNSTON (Bow River):

1. What has been the cost to the dominion government for the visit of each of the following cabinet ministers: Mr. Gardiner, Mr. Howe, Mr. Mackenzie, during the months of February and March, 1938, to the province of Alberta?

2. What business was each man there for?

Mr. MACKENZIE (Vancouver): With the consent of the house, so far as I am concerned I should like to answer this question orally.

I visited the province of Alberta while on the way to my constituency in British Columbia and on my return therefrom partly on personal and partly on departmental business. My stay in Alberta was for two days, and did not entail any expense whatsoever to the dominion government.

In answer to the second question: "What business was each man there for?" I will say, For the cause of good government, and in the public interest.

Mr. HOWE: Mr. Speaker, I was invited to go to Alberta by an old friend of mine who was Liberal candidate in Edmonton East. I am sure he is sorry he asked me. However, I went at his request, and at my own expense.

Mr. GARDINER: I was in Alberta on two occasions during the period mentioned, but on neither occasion was any expense charged up to the government of Canada because of my visit to Alberta. I may say we have 3,000 more Liberal votes in Edmonton East than we had before.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ROYAL CANADIAN MOUNTED POLICE—ALBERTA

Mr. MARSHALL:

1. In what year did the province of Alberta enter into agreement with the government of the Dominion of Canada for the policing of that province by the Royal Canadian Mounted Police?

2. (a) What sums of money were paid yearly by the province to the dominion government for this service; (b) what sums of money were collected yearly by the Royal Canadian Mounted Police in that province and paid directly to the dominion government?

3. What has been the total yearly strength of all ranks from the beginning of contract in the province?

4. (a) How many of the personnel of the Royal Canadian Mounted Police presently stationed in Alberta were members of the old Alberta provincial police force; (b) what are their names, ranks and present salaries?

5. When was the present contract between the Alberta government and the dominion signed?

6. How long has that contract still to run?

Mr. LAPOINTE (Quebec East): Return tabled.

CAMROSE, ALTA., SUB-COLLECTOR OF CUSTOMS

Mr. MARSHALL:

1. How many applications were received by the civil service commission for the position of sub-collector of customs and excise at Camrose, Alberta, recently?

2. What were the names, ages, addresses and qualifications of the applicants?

3. What was the name of the successful applicant, and what previous experience did he have in this work?

4. Is he a returned man?

5. How many of the applicants were returned men?

PERMITS FOR EXPORT OF WAR MATERIAL

Mr. JOHNSTON (Bow River):

1. How many permits were issued from 1934 to date for the exportation of arms, ammunition, aircraft or other types of manufactured war materials?

2. To what countries were these shipments sent?

3. What was the value of each shipment?

Mr. ROGERS: Return tabled.

DIVORCES GRANTED BY PARLIAMENT

Mr. FOURNIER (Maisonneuve-Rosemount):

1. How many divorces were granted by the parliament of Canada since 1928 inclusive?

2. What was the average age of men?

3. What was the average age of women?

4. What was the average number of children issued from parents so divorced?

5. What was the total number of children issued from such marriages?

6. How many years, in the average, had such persons been married before they were divorced?

CANADIAN NATIONAL RAILWAYS

Mr. COLDWELL:

1. What is the present indebtedness of the Canadian National Railways, and how is it made up?

2. How much is still owing the Grand Trunk shareholders?

3. What amount would it be necessary for the Canadian National Railways to earn each year in order to pay its way?

4. What percentage of the total mail in Canada does the Canadian National Railways handle, and what is the percentage of mail carried by the Canadian National Railways between competitive points?

5. How much of the equipment in use by the Canadian National Railways is rented, and what was the total rental paid in the years 1933, 1934, 1935, 1936, and 1937, and on what class of equipment was this rental paid?

6. Which company operates the radio carrier system in the east and west? If any change was made in this operation lately, why was it made? What was the amount of revenue derived from this service by the Canadian National Railways last year, and what is the expected revenue for this year?

7. What are the salaries of the board of directors, and what were their expenses for the year 1937?

8. What is the present capitalization of the Canadian National Railways? By how much has it been reduced, and when?

9. Has the pooling of passenger train services in the east been successful, and what has been the increase or decrease in revenues (between pooling points) to the Canadian National Railways since its inception?

WHEAT POLICY

REPORT OF GRAIN COMMISSION— EXPIRY OF PRESENT MINIMUM PRICE PER BUSHEL

On the orders of the day:

Mr. WILLIAM HAYHURST (Vegreville): I should like to ask the Minister of Trade and Commerce (Mr. Euler) a question. In view of the fact that the Turgeon commission report has not yet been presented to parliament, and that the present minimum price of wheat is 87½ cents a bushel for the year which expires on July 31, 1938, could the government give the house any information as to its policy, or the intention of continuing its present policy for the crop year 1938-39?

Hon. W. D. EULER (Minister of Trade and Commerce): Mr. Speaker, I had a word this morning with Commissioner Turgeon and it is expected the report on wheat will be ready very soon—long before expiration of the present fixed price for wheat.

With regard to the policy of the government may I say that it will be decided upon and, in due course, declared.

EMPLOYMENT COMMISSION

INQUIRY AS TO PRINTING AND AVAILABILITY OF REPORT

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I should like to ask the Minister of Labour (Mr. Rogers) a question. Has the final report of the national employment commission been printed, and if not will it be printed soon?

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, my latest advice is that the report will be available early next week. It contains a rather voluminous appendix, the printing and translation of which have caused delay in making the report available to the house.

JAPANESE IMMIGRATION

PERSONNEL OF INTERDEPARTMENTAL COMMITTEE AND BOARD OF REVIEW

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the hon. member for Comox-Alberni (Mr. Neill) asked for the names of the personnel of the interdepartmental committee studying the question of orientals in British Columbia.

The immigration branch is represented by Mr. F. C. Blair, chairman of the committee, and Mr. A. L. Jolliffe. The Royal Canadian Mounted Police are represented by Inspector Armitage; the statistics branch of the Department of Trade and Commerce by Doctor R. H. Coats; the Department of National Defence by Major W. H. S. Macklin; the customs branch, Department of National Revenue, by Mr. P. L. Young; the Department of Fisheries by Mr. A. J. Whitmore; the Department of Labour by Mr. R. A. Rigg and the Department of External Affairs by Doctor O. D. Skelton and Mr. H. L. Keenleyside. Mr. Keenleyside and Mr. Whitmore are the secretaries of the committee.

The members of the board of review are, from the immigration branch, Mr. Fred W. Taylor, District Superintendent of Immigration at Vancouver, British Columbia; from the Department of Justice, Inspector G. W. Fish, Royal Canadian Mounted Police, Vancouver, British Columbia, and from the Department of External Affairs, Mr. H. L. Keenleyside, Ottawa, chairman.

The Pacific coast representatives of the Departments of National Defence and National Revenue are cooperating closely with the board of review.

Mr. NEILL: Has the minister the date of those appointments?

Mr. MACKENZIE KING: No, not here, but I can obtain them.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Departmental administration, $425,720.

Hon. IAN MACKENZIE (Minister of National Defence): Mr. Speaker, some days ago the hon. member for Vancouver North (Mr. MacNeil) made a request that, when the estimates for the Department of National Defence were presented for consideration by the committee of supply, there might be a statement made by the responsible minister, in the first place with reference to the general principles of the defence policy, and in the second place with reference to the question of general administration.

I would therefore ask the indulgence of the committee if in response to that request I might be permitted, as briefly as possible, in the first place to review the general funda-

mental principles underlying the present defence policy of the Dominion of Canada; in the second place to review the purposes for which the votes given last year were expended, and in the third place to make an analysis of the estimates for 1938-39. May I say at once that I regret that the hon. gentleman who made the request is prevented through an indisposition from being here this afternoon. He will, however, be granted every facility in the way of general discussion on a future occasion.

In reviewing the evolution of the defence policy of Canada it might be important to examine, not for any authoritative purposes but purely from the historical point of view, some of the declarations made at former imperial conferences. We might review also the declarations of policy which were made in this House of Commons in 1936 and 1937 and refer briefly to some of the findings of the imperial conference of 1937 in connection with national defence.

It might be worth recalling that a resolution was passed in 1923, reaffirmed by the conference of 1926, which ended with this important declaration:

> The primary responsibility of each portion of the empire is for its own local defence.

The conference of 1926 was responsible for the famous Balfour formula with reference to Canadian status. In connection with the matter of foreign relations, which is closely connected with the question of national defence, may I quote the resolution passed in 1926:

> It was frankly recognized that in this sphere, as in the sphere of defence, the major share of responsibility rests now and must for some time rest with His Majesty's government in Great Britain. Nevertheless all the dominions engaged to some extent, and some to considerable extent, in the conduct of foreign relations, particularly those with foreign countries on their borders. . . . The governing consideration underlying all discussions of this problem must be that neither Great Britain nor the dominions could be committed to the acceptance of active obligations except with the definite assent of their own governments.

In historical retrospect I think I can safely deduce that the following principles emerged from these imperial conferences:

First, that each self-governing portion of the empire is primarily responsible for its own local defence. Second, that the security of the empire is a matter of concern to all its governments. Third, that military action taken at any time, in peace or war, is a matter for individual decision on the part of each empire government.

It might be interesting to recall the resolution passed by the chiefs of staff of the subcommittee on imperial defence in 1923. I quote:

> His Majesty's government in the United Kingdom is mainly responsible for the security of the communications between the several parts of the commonwealth.

And also:

> Each of the several dominions is responsible for protecting its territory and coastal trade against aggression until support comes from the outside.

Between 1926 and 1936 there was no pronouncement of major importance with reference to the question of national defence. May I just emphasize the fact that the pronouncements made by the imperial conferences of 1923 and 1926, after the promulgation of the Balfour formula in 1926, are practically synonymous with the pronouncements made under the new Canadian status acquired since 1926; in other words, the aspects of national defence and the defence of Canada have been emphasized. Speaking in this house on February 12, 1936, the Prime Minister (Mr. Mackenzie King) had this to say:

> While declarations on behalf of Canada on the subject of the defence of Canada have been made at various imperial conferences, as may be seen from the results thereof published from time to time, I am not aware of any commitments made on behalf of Canada with regard to imperial defence. At such conferences it has been expressly recognized that it is for the parliament of the several parts of the British commonwealth of nations, upon the recommendation of their respective governments, to decide upon their course.

Then on March 10, 1936, the Prime Minister had this to say:

> I should add that we have made clear at various conferences that any action in the nature of military obligations of any sort would be entered into by the government of the day only after such had been recommended to parliament by the government and approved by parliament itself.

May I be permitted to refer again to the debate that took place in this house on February 19, 1937, when the general principles with reference to our defence policies were laid down very carefully by the Prime Minister. I do not intend to refer in detail to the remarks he made at that time, but I should like to put the following on the record:

> When some of us to protect ourselves and our country against the forces of blood and of death ask parliament to vote money for purposes of defence, that we may continue to further the law of peace and work and health we are told that we are preparing for and promoting war. We are doing nothing of the kind. We are trying to make the national

position secure to enable the law of peace, work and health to prevail and progress. This we believe is only possible as we keep at bay those forces that are making for death and destruction.

And again:

By all means, let us make the most of our friendship with the United States. By all means, let us make the most of our friendship and kinship with Great Britain and with every other part of the British empire. By all means let us continue to be friends with every other nation, because in that direction, more perhaps than in any other, security lies. But let us realize that unless we do something to help ourselves these countries cannot be expected to help at a time of world crisis, or great peril. It is not contended that that danger is great for us. There is a danger but so far as Canada is concerned, it is, as I have already pointed out, an incidental contingency. Relatively our danger is small. Another great war, however, might lead to exposure to dangers, which might be great indeed.

May I be permitted to quote shortly from what I said on February 15, 1937:

National security, national defence, the direct defence of Canada, of our coastal areas, our ports, our shipping terminals, our territorial waters, the focal areas of our trade routes adjacent to our harbour mouths—these are the matters dealt with in these estimates. May I tell my hon. friend there is no new defence policy embodied in these estimates. There is no new policy here at all. These estimates represent only an honest attempt by those who for the time being are charged with responsibility for the national wellbeing, to see to it that we have something effective and efficient for the purposes of direct defence of Canada or for defending our neutrality should it be assailed by anyone outside.

During the course of that discussion there was in progress throughout Canada a comprehensive review from various angles of thought of the necessities of the defence policy. May I be permitted to submit to the committee this afternoon, without either comment or criticism, the various expressions of opinion that were in evidence throughout Canada during the debate in the house last year. I think it is safe to say that there were five schools of thought at that time in the dominion.

In the first place, there was what might be called the imperialistic school, which regarded Canada as an integral part of the British commonwealth, bound to support every other member of the commonwealth with military action and bound to accept the foreign policy of the United Kingdom government, whether that policy was arrived at independently or through consultation. The slogan of that school probably was: When Britain is at war Canada is at war and is bound to throw her whole weight into the conflict.

[Mr. I. Mackenzie.]

The second school of thought was the isolationist or nationalist or North American, which held that Canada's geographical position and economic interest required that she dissociate herself from responsibility for troubles in other parts of the world, especially Great Britain's European complications and her imperial commitments in Africa, the far east, et cetera. In wars arising from such situations, according to this school, Canada would not participate.

The third group, in my judgment, at that time consisted of league collectivists, who would have Canada participate in international obligations for peace. Some of these would go so far as to have Canada participate in military sanctions. Others would not, especially if the hostilities were remote from Canada.

The fourth group, a very minor group, were the North American collectivists, who would have Canada join the Pan-American Union as a league of nations for the western hemisphere and unite with all other American nations in taking only so much interest in European and Asiatic affairs as might be consistent with purely American interests.

The fifth and I think largest group might be termed the moderate or the middle group, believing in no automatic commitments either for military action or for neutrality. These would join with Great Britain or with the league in war for a principle or for the safety of the liberty of the world if convinced that that liberty was seriously threatened. But they refuse to imperil Canadian unity by accepting in advance either one of the two following propositions: first, that when Great Britain is at war Canada must automatically go to her support with all her resources; or secondly, that when the league orders sanctions, Canada is bound to take action.

This I think is by far the largest group of Canadian public opinion; it was last year and I believe is this year, and the formula is that parliament, representing the public opinion and the public sentiments of the Dominion of Canada, must decide on every occasion as these issues arise. With reference to that sentiment the following declaration was made:

In practice this will not mean a rigid policy expressing itself in automatic action or inaction as trouble arises, but a policy in keeping with conditions and circumstances. In so far as we come to parliament with an expression of our opinion we will give it to parliament from the point of view that a certain course should be taken because, having regard to all the circumstances existing at the time, we believe it to be in Canada's interests it should be taken.

Mr. STIRLING: Whose statement is that?

Mr. MACKENZIE (Vancouver): That is the Prime Minister of Canada speaking.

Having had the benefit of what was a very evident clarification of the issues surrounding public sentiment regarding the defence policy for Canada both in this house and in journals outside, ministers representing the government of Canada, the Prime Minister and four of his colleagues, were privileged to take part in that great imperial conference of 1937. To conclude the continuity of quotation with reference to the evolution of the present defence policy of Canada, based not upon any historic conference but upon the realization by those responsible for government in this country of the necessities of Canada at the present time, may I put on the record one or two short quotations from the findings of the imperial conference of 1937. But may I be permitted, first of all, to make this declaration, that every single minister who represented Canada at that imperial conference in 1937 was bound regarding declarations made there with reference to national defence or foreign policy, by the declarations made to this parliament during the debates last year, and no pronouncement of any kind was made during those discussions of the imperial conference except along lines similar to the pronouncements made in this house a year ago.

Referring to defence, the official findings of the imperial conference have these words:

The conference gave close attention to the subject of defence, and considered ways in which it would be possible for the governments concerned to cooperate in measures for their own security. The occasion was taken for a detailed review of the state of defence in each of the countries represented at the conference and this opportunity was generally welcomed. . . .

The members of the conference noted with deep concern that since the session of 1930, international tension had increased in a marked degree, and that there had been a large and rapid increase in the armaments of all the principal powers. They were impressed by the world-wide effect of these increased armaments on the international situation and on the financial and economic position of the nations concerned, and while their respective parliaments had already recognized the necessity for taking measures to put their defences in order, they thought it of the highest importance that negotiations for the limitation of armaments should be reopened whenever there was a reasonable prospect of success. They recognized with regret that . . . international conditions were not at the moment favourable to further progress in the direction of disarmament.

And this final quotation from the findings of the imperial conference:

In the course of the discussions, the conference found general agreement among its members that the security of each of their countries can be increased by cooperation in such matters as the free interchange of information concerning the state of their naval, military and air forces, the continuance of the arrangements already initiated by some of them for concerting the scale of the defences of ports, and measures for cooperation in the defence of communications and other common interests.

Then this vitally important paragraph:

At the same time the conference recognized that it is the sole responsibility of the several parliaments of the British commonwealth to decide the nature and scope of their own defence policy.

This is very important—the conference recognized that it is the sole responsibility of each parliament of the commonwealth to decide the nature and scope of its own defence policy. That is all I intend to say, Mr. Chairman, with reference to the historical continuity of the evolution of what is to-day the defence policy of Canada.

Now I come very briefly to review the activities consequent upon the expenditures authorized by parliament in 1937. The main estimates voted last year were, roughly speaking, $36,000,000. The purposes for which these were asked were described in parliament in great detail in the debate to which I have alluded. May I say immediately that substantial progress has been achieved through the year in carrying out the program which was then described. Additional equipment, supplies, structures and premises have been acquired, and part of the increased vote went for pay and allowances and maintenance of an increased personnel in the naval and air services. Increased training for the militia was also provided.

Speaking directly of the naval service, there was last year for pay and allowances an increase of $358,000, partly accounted for by the pay and allowances of an increased complement of 13 officers and 360 ratings, as the new destroyers that were purchased last year from Great Britain required a greater complement than the old destroyers, which were demilitarized. The personnel also of the new mine-sweeeprs now under construction had to be trained. The net increase in the complement of the naval services was 345, including ten officers. The complement of the Royal Canadian Naval Volunteer Reserve was increased from 875 ratings to 1,017 ratings.

In regard to stores and allowances, amongst the items acquired were naval guns and mountings; torpedoes; ammunition for guns, including service and practice outfits; anti-submarine defences for Esquimalt and Halifax; mine-sweeping outfits, and anti-submarine equipment of various kinds for ships.

Four new mine-sweepers are now under construction, and they can be discussed in detail when we come to the items that concern them.

With reference to the militia services item, there was an increase of $3,372,000. The chief purposes of these increases were as follows: to provide better training for the non-permanent militia; to provide for preliminary work on new coast defence fortifications, chiefly on the Pacific coast; to add to the supply of ammunition and technical equipment, and for the construction of new buildings and works required for the activities of the several services.

Coming to the non-permanent active militia, there was an increase there of $220,000, nine-tenths of which was applied to improving the training efficiency of the non-permanent forces. To give details: Fortress and anti-aircraft troops were given nine days' extra training; infantry troops were given two days' extra training, and the minimum of five days in camp for all cavalry and infantry units was reintroduced after some years. This meant an increased cost of $132,000. Other increases were occasioned by the tactical training of officers, the numbers attending the militia staff courses, and qualifying courses for personnel of units converted by reorganization.

Coming to the permanent force increase of $168,000, an increase of about three per cent, this is accounted for in part by increase in personnel of 22 officers and 173 other ranks. This was somewhat offset because 9 officers and 80 other ranks who were on the strength of the Royal Canadian Corps of Signals were previously included in the estimates for civil aviation and are now transferred to the Department of National Defence. There was an increase in the ration allowance from 26·17 cents to 29·90 cents, accounting for a total sum of $40,000. For concentrated training the units of the Royal Canadian Dragoons, the Royal Canadian Horse Artillery and two companies of the Royal Canadian Regiment were brought together for the first time in years for training in larger formations.

With reference to construction, there was an increase last year of $188,000. This was devoted to normal maintenance, to coast defence works, to new constuction of $1,000,000, and revotes on the year previous. Four new projects on the Pacific coast were undertaken with the amount of $895,000 allocated for coast defence works. The four important projects were: Albert Head, estimated to cost about $557,000; Fort Macaulay reconstruction, about $30,000; York Island Battery, about $125,000; and Stanley Park Battery, about $182,000. Construction works were also carried out at Barriefield (Kingston), Esquimalt, Ottawa, Halifax and Dartmouth, St. Johns, Kamloops, Valcartier, Trenton, Montreal, Hamilton, Quebec, and on the various camps of Petawawa, Shilo, and Currie Barracks, Calgary; at Winnipeg and at London, Ontario.

In regard to general stores, there was an increase of nearly $3,000,000. This was for the increase of the stores of ammunition and to obtain new and modern equipment necessary for the mechanization of the militia as decided upon in last year's reorganization.

Under direction of the Master General of the Ordnance with the cooperation of the navy, army and air force supply committee, a survey has been made of certain industrial undertakings in Canada with reference to their capacity for manufacturing requirements of the department. They have surveyed now over 700 firms in the dominion, and very soon, I believe, that work will be practically finished and a complete classification will be made in the department.

In regard to general stores, orders for ammunition for coast and mobile artillery were placed and a beginning was made in the establishment of a small domestic shell making industry; the productive capacity of the dominion arsenal at Quebec was increased; and orders have been placed for a limited amount of modern technical equipment, chiefly for instructional purposes at central schools and for mechanical transport for the permanent force.

The increase of approximately $3,000,000 was largely utilized in connection with the following major items: To complete payment on equipment ordered in 1936-37 and not delivered until 1937-38; for the acquisition of trucks and adapters to convert gun carriages for use with mechanized transport and otherwise in connection with the development of mechanized artillery and other equipment; for two light tanks and other training equipment for the training of newly established tank battalions; for four anti-tank guns and seven anti-tank rifles with ammunition; for coast defence armament; for coast defence ammunition; for field gun ammunition; for an inspection building at Quebec arsenal, and signal equipment; for operations of the navy, army and air supply committee and its functions in the matter of inspecting stores, arms and ammunition; for the operation of the dominion arsenal at Quebec for the production of small arm ammunition, due to the greater production, which is greater than last year by

$198,000; and finally, for anti-gas respirators and other camp and barrack equipment.

With reference to the air services, there was an increase last year, as hon. members will recall, of $6,706,000. The authorized strength of the Royal Canadian Air Force was increased from 1,080 to 1,730, an increase of 650. The expansion during the last year was mainly concentrated on the completing of existing units rather than on the increasing of the number of units. Three new training schools were established—a wireless school, an equipment training school, and a technical training school. Individual training was given to 643 persons, including 40 militia officers and 11 members of the Royal Canadian Mounted Police.

As regards flying time, individual training occupied 5,435 hours, unit training 5,200 hours, operations 4,285 hours, and civil government air operations 1,731 hours.

In regard to stores and equipment, as hon. members will recall, last year's estimates made provision for the acquisition of 102 aircraft, including the 5 Stranraer flying boats ordered in 1936-37. In addition 137 engines were ordered, 38 with the aircraft and 99 ordered separately. A substantial increase has been made in the reserve of bombs and ammunition; and parachute equipment acquired in addition to replacements constitutes mobilization equipment for eight squadrons.

With reference to construction, there was an increase over the previous year of $1,742,000. These moneys were spent largely at Trenton and Vancouver. At Vancouver the year's expenditure was approximately $625,000 for the barrack block, the completion of two hangars, and a bombing range. A site for an advanced air base on Queen Charlotte islands has been acquired at Aliford Bay at a cost of $13,840, and magazines for stores have been established on the Pacific coast at Esquimalt and Kamloops. In Nova Scotia an expenditure of $335,000 was undertaken last year. The development of the Yarmouth aerodrome absorbed $245,000 for the purchase, of land, clearing and grading. At Dartmouth $86,000 has been spent on the purchase of land and clearance. At Dartmouth seaplane station $55,000 has been spent, chiefly on the completion of a workshop and boiler house, but including paving and grading work. By the end of the fiscal year, it is expected, sites will have been acquired at Sydney and Truro and a floating dock at Dartmouth seaplane station contracted for. These three items will aggregate approximately $46,000. Developments have also taken place at Rockcliffe, near Ottawa.

With regard to non-permanent Royal Canadian Air Force personnel, units have been formed at various centres throughout Canada, namely at Toronto, Vancouver, Winnipeg, Montreal (two squadrons), Hamilton and Regina, and formation of squadrons at Calgary and Quebec is under way. In certain places the program has been somewhat delayed by the lack of proper training accommodation. The authorized expansion for the non-permanent Royal Canadian Air Force was from 97 officers and 666 other ranks to 118 officers and 946 other ranks.

As regards the training of the Royal Canadian Air Force non-permanent section: Seven squadrons carried out unit training, four units attended fourteen days annual summer training camp, seven non-permanent officers attended the initial armament course at Trenton, and the Winnipeg squadron carried out a small amount of army cooperation with the militia. The flying time for the non-permanent units was 5,360 hours. As regards stores and equipment, orders were placed last year for eleven new aircraft for the non-permanent air force. Small sums for construction were expended at Toronto, Winnipeg, Vancouver and Regina.

This brings me to the last division of air operations in Canada, namely civil government air operations. The decrease last year in the vote was $153,987. Four aircraft were delivered in 1937 and four additional planes have been ordered out of the funds of the current year. The program of operations is supervised by the interdepartmental committee on air surveys and base maps. Last year eight aircraft were used on photography, with additional planes transporting supplies between bases in the Northwest Territories and northern Ontario. Two were operated in northern Ontario and Quebec, two in British Columbia, and four in the Northwest Territories, the total flying hours being 1,731; and all these were equipped with wireless, at a cost of $16,000, the total cost of photographic service being $100,000.

That brings me up to the estimates now before the committee, the estimates for 1938-39. Let me say at once that the purpose of these estimates is to continue work that was commenced last year, and within the same definite limitations announced to this house a year ago: in the first place, for the preservation of Canadian neutrality; in the second place for the defence of our Canadian coast line, the defence of our ports and terminals, and the defence of the focal areas of our trade routes in case of necessity. A certain amount of priority has been established after deliberation: first for the air services; secondly,

for naval defence; and thirdly, in regard to the repairing of deficiencies in equipment of militia services, permanent and non-permanent. During the coming year it is proposed to acquire two new destroyers; seventy-five new aircraft, fifty-five for the permanent force and twenty for the non-permanent; additional weapons and munitions and other equipment for all three services. It is proposed to increase the training of the militia forces and to construct the second stage of the fortification works on the Pacific coast, for the first stage of which, authority was received from parliament over a year ago.

There is a total reduction in the vote from last year of $2,000,007. The number of aircraft has been reduced from 102 to 75, accounting for part of the reduction. The building construction program of last year is fairly well advanced to completion, accounting for another part of the reduction. Difficulty has been experienced with reference to obtaining deliveries, and that has accounted for another part of the reduction. There is an increase in the naval service of $1,938,311. This is to provide for the purchase of two destroyers from England, exactly of the same type, the same class as the two we obtained last year. Of the total, four will be stationed on the Pacific coast and two on the Atlantic. This is in pursuance of a definite statement made to the house last year, that the government was disposed to give priority to considerations affecting our problems on the Pacific.

The increase in the Royal Canadian Navy personnel will be as follows: As a result of these two new vessels the establishment will be increased by two officers and 240 ratings. The new establishment will then consist of 119 officers and 1,462 ratings; and the establishment of the Royal Canadian Naval Volunteer Reserve is to be increased from 77 officers and 1,015 ratings to 123 officers and 1,344 ratings. The total increase in all ranks is 375.

May I refer in passing to the resolution put upon the order paper by the hon. member for Comox-Alberni (Mr. Neill) with reference to the establishment of a fishermen's reserve as part of the Royal Canadian Naval reserve. In my opinion the resolution was a very timely one indeed, and had it been reached on the order paper the government would have been pleased to accept it. As a matter of fact, two months before this session convened instructions were given to one of our most distinguished naval officers in Canada, who received the Victoria Cross at Zeebrugge, to undertake an investigation of the possibility of establishing a fishermen's reserve on the Pacific coast; and once that is done it will be followed by the establishment of a similar reserve on the Atlantic. I am glad to say, therefore, to my hon. friend from Comox-Alberni that his resolution has already been acted upon and will be followed by the department in connection with the naval services.

The reduction in air services this year in the estimates before the committee is $1,017,000, but that is occasioned by a reduction in the number of planes to be obtained. This will be accompanied, of course, in the air services, by an increase in personnel from 1,590 to 2,070. This new establishment of the air forces will now comprise 247 officers and 1,823 other ranks. The establishment of the air force will be increased from 103 to 144 permanent force and instructional staff and from 1,064 to 1,312 non-permanent personnel. So that you may envision the exact situation with reference to our air forces in Canada, I may say that after the purpose of these estimates is carried out it will provide for the partial organization and development of two additional squadrons, making ten in all. The non-permanent air force has at present nine squadrons in various stages of development, and this year's estimates authorize the initial organization of three more, making twelve in all. Thus, by the end of the year Canada will have in being, ten permanent force squadrons, and twelve non-permanent force squadrons, or a total of twenty-two air squadrons, although these will not by that time be fully equipped and manned. It will be seen, therefore, that we are approaching very closely to the objective indicated in the debate a year ago of twenty-three squadrons, eleven permanent and twelve non-permanent. With the completion of this year's orders the department will have 102 modern service aircraft, partial equipment for ten squadrons of the permanent air force; 62 training aircraft for the new personnel of the permanent air force; and 60 training craft of various types to meet the requirements of ab initio, advanced and service training for the twelve non-permanent squadrons. Work will be carried out this year on the development of aerodromes and air bases as follows: On the Pacific coast—Aliford bay, Queen Charlotte islands; Patricia bay near Victoria; and Prince Rupert. On the Atlantic coast—Dartmouth, Yarmouth, Truro, and Sydney.

Substantial additions will also be made to the reserves of service ammunition for the air force during the year. The new magazine in the interior of British Columbia will be completed and a magazine near the Atlantic coast will be provided.

Let me now say just one word with reference to the functions of the air force in connection with the government's program. A well equipped and efficient air force is, in my opinion, of primary importance for the protection of Canadian territory and waters, and in view of the rapidly increasing performance of modern aircraft the possibility of attack by such means is to-day a probability. Apart from its value as a highly mobile striking force capable of rapid concentration at any point in Canada, it is alsq required to assist the other services in their particular role of defence: in the first place, independent air action against enemy aircraft and bases, and air action in conjunction with ground anti-aircraft defences of important localities; in the second place cooperation with naval forces in the protection of trade routes and focal points of shipping; and thirdly, cooperation with the militia by observation of coast artillery fire and assistance in the suppression of enemy landings and raids.

With reference to the militia services, in the present estimates there is a reduction of $2,733,216, accounted for by the fact that deliveries cannot be made and the amount is regarded as fairly reasonable. In regard to the non-permanent militia, provision is made for an additional day's training and for more camp training instead of training at headquarters. In regard to the permanent militia, provision has been made for increased training and allowances, has also been made for the increased costs of rations and fuel. In regard to fortifications, $1,000,000 has been allotted for the fortifications on the Pacific coast. Last year the amount was $895,000. In regard to general stores, provision is being made for the acquisition of coast defence guns and mountings, fire control equipment and communications; anti-aircraft guns and mountings; machine guns, mortars and anti-tank weapons and field battery headquarters equipment; searchlights, both mobile and fixed; mechanical transports, includings tanks, and ammunition. It is anticipated that delivery cannot be obtained during the coming year of all the equipment which is to be ordered, and the funds provided in these estimates will cover the extent to which deliveries are anticipated during the year.

With reference to militia services there has been carried out by the department what is known as an interim plan of armaments for both coasts. This is a result of the fact that heavy ordnance cannot be acquired from British concerns for a period of about three years. But interim plans have been carefully prepared, in collaboration with an expert adviser, and these estimates are to provide in part for the completion of these interim plans. As I have said, these plans have priority on the Pacific coast, but eventually they will apply to the Atlantic coast as well. In regard to the survey that was made last year, that has been concluded on both coasts, and a complete plan is available in the department with reference to the defence of both coasts of the Dominion of Canada.

The next consideration, therefore, is this: Having analysed the general principle of defence policy; having explained what was done with the money voted last year; having made a brief review of the estimates for this year, what are the actual problems before a general staff with reference to the defence of Canada? In the first place, what are the possible dangers, and in the second place what are the objectives of the department in preparing plans to meet them? Some of our critics might say that these estimates are inadequate. Others might say that possibly they will involve commitments. Others might say that any policy of military preparedness is a contribution to the international armaments race. With reference to commitments may I say that none exist. With reference to the adequacy of the estimates may I say that they are carefully prepared to meet the situations supposed to be those with which we might be confronted. In regard to the militaristic point of view, I think every member of this government and every member of this house would be very glad indeed if these moneys did not have to be spent on national defence at this time. But we must meet the conditions in which we live. These are most disturbing times, with the international situation full of tremendous possibilities of danger and disaster, and we owe it to our people, we owe it to our duty towards the security of Canada, to do something reasonable and rational to protect our people and our country.

The purpose of the armed forces of any country I think may be threefold: In the first place, to support peace time diplomacy; in the second place to provide a deterrent to aggressive nations; and in the third place in case of hostilities to be used after the methods of diplomacy have failed. The interests to be defended by arms, if that regrettable necessity should arise in Canada, are first of all the protection of our Canadian territory, and in these estimates, Mr. Chairman, there is not the slightest suggestion of aggression or of menace against any person or any country in the whole world. They are all based upon what is reasonably assumed to be necessary for the defence of our Canadian territory, and

I feel sure that everyone, not only in this House of Commons but throughout Canada, if the need should ever arise is prepared in the ultimate issue to defend the homes and institutions of our people in this dominion. I feel that is a reasonable assumption. Then we have the defence of those institutions of learning, the cultural institutions and the great bequests of justice and freedom which are ours, despite economic strife in this country. As someone has said in regard to the essential requirements of the defence of Canada, patriotism and pacifism are combined in a positive form and a positive faith. The second necessity would be in regard to our foreign trade. We are an exporting and importing nation. We produce tremendous quantities of food supplies, and in case of an emergency between two belligerents that would bring its own economic consequences. Therefore Canada must be ready to preserve her neutrality and to defend herself against raids from any quarter.

In regard to the exact position of Canada it is only fair to say that to-day the main deterrent against a major attack upon this country by a European power is the existence of the British fleet in north Atlantic waters. An attack on Canada's overseas trade at the most congested points on our coasts in the opinion of those most competent to observe and advise would be limited to minor raiding forces. Just as the British navy on the Atlantic is our greatest security in that quarter so I think it might be reasonable to assume that in a major conflagration we should have friendly fleets upon the Pacific ocean, and the severity of raids upon our western seaboard would be limited by the strength and the position of these friendly fleets. Our major defensive buffer on the Pacific coast is not the Pacific ocean alone but the existence there of friendly fleets. There is no commitment or understanding in regard to these matters, but at this time I think reasonable assumptions are justifiable.

Now, sir, in regard to the scale of attacks upon Canadian territory or Canadian ports or terminals, these are considered by the experts who are supposed to be qualified to offer advice to be, in the first place, minor attacks by combined sea, land and air forces, to destroy something of strategic or commercial value, or to secure an advanced base of operations, and this applies to coasts, to focal sea areas and to the preservation of Canadian neutrality; in the second place, sporadic hit and run raids by light cruisers or submarines to destroy our main ports and focal sea areas. If that be the situation; if that is a correct description of potential dangers, then what are the defensive requirements needed in Canada to meet them? In the first place, for the defence of our focal sea areas we require sea and air forces capable of finding and destroying hostile service craft, submarine or aircraft raiders, and this requires aircraft and naval strength. That is why the small naval force of Canada is being increased by two destroyers at the present time. A slight increase in our naval forces is vital and essential, in cooperation with air and militia services, for the preservation of our neutrality, and the defence of our focal areas, our trade routes, our terminals and our ports. Secondly, for the defence of our main ports we have the anti-aircraft defences, army cooperation aircraft, fighting aircraft and ground troops. For the preservation of our neutrality it is considered that the requirements are a constant patrol of the coastal areas by auxiliary services, aircraft and bombing craft, and troops.

May I, therefore, summarize the situation in regard to defence policy. The task of a defence policy in Canada to-day is, first, to decide on the broad defensive requirements necessary to give effective protection to national interests which if necessary should be protected by force of arms; second, to define the individual and collective functions of each part of the broad defensive organization; third, to decide on the organization, strength, composition, equipment and distribution of the sea, land and air forces as demanded by their individual and collective tasks; fourth, to permit of effective organization, to control, coordinate and provide for not only the activities of the three fighting services in peace and war but of the whole national effort in war, and fifth, to provide the funds necessary to give effect to the requirements, I have just stated.

In conclusion, Mr. Chairman, may I say this: I have endeavoured to review Canada's defence policy up to the conclusion of the imperial conference of 1937. I have analysed the estimates of 1937-38 and the purposes behind the estimates of 1938-39. I have endeavoured to deal with the actual necessities confronting Canada, and the requirements of defence to meet these potential perils.

When, sir, as we do now, we contemplate the broad principles of Canadian defence, and endeavour to define with some particularity the responsibilities that rest with governments; when, as now, we are confronted with very grave international problems which at any moment may explode against the ordered progress of our national life in the Dominion of Canada; when we realize that the greatest necessity in Canada in regard to defence and

other policies is the unity of our Canadian people; when we realize that no policy having regard either to national defence or to foreign affairs which does violence to Canadian unity is of very great value either to us in Canada or to others outside; when we witness the apparently inevitable divisions of modern nations into the friends of freedom and the friends of force; when the nations of democracy seem to be driven to the defence of their ideals against the nations of the dictators—if the clash is inevitable, and if the clash must come; if the cherished liberties of our civilization are imperilled, then it is that perhaps Canada, seeking to preserve national unity, must look back to the beginnings of her history, must assess the great treasure of culture that came from old France and the institution of ordered government that came from Great Britain; must realize how much the union of the great national legacies meant to the early days of settlement and of government, and also looking to the newer land to the south, consolidated through a valiant insistence upon the tradition of freedom; must be prepared, for the preservation of the best there is in these three nations and the best there is within her own boundaries—the best there is in democracy itself—to take her stand, if need be, against brute force and might and ruthlessness, and, if need be, for high purposes to endure sore travail.

We are a free people. We are very free, but we are still subject in this Canadian land to old kinships, old sentiments and very old loyalties. We, all of us in this country, love peace. We hate and despise war. Governments with great sincerity proclaim policies and pronounce dogmas, but no matter what the dictates of government may be, the people and the opinion of the people always decide the ultimate issues.

In my judgment, Canada is definitely opposed to extraneous commitments of any kind and to any type of extraneous entanglements. But public opinion in Canada to-day is in favour of a rational policy composed of reasonable measures for the defence of Canada. And public opinion in Canada, the opinion of the people, regardless of the action or inaction of any government, in the final analysis will decide the issues which may arise in the future.

All we can do, then, in this house at the present time, in the consideration of these estimates, is, in the spirit of that old Greek sailor mentioned by Seneca, in the spirit of real unity, to do the best we can:

> O Lord; you may sink me, if you will; you may save me, if you will; but at least I will keep my rudder true.

Mr. MAXIME RAYMOND (Beauharnois-Laprairie) (Translation): The armament estimates provide the members of the house this year as last, with an opportunity to state their views on the question of national defence. I intend to deal with the subject, as I did on a former occasion, without regard to sentimental or ideological considerations, but in the light of facts and from the sole standpoint of Canada's best interests.

May I begin by briefly recalling the circumstances which attended the voting of the defence appropriations for the last fiscal year?

The consideration of last year's estimates was preceded by an educational campaign which assumed various forms; for weeks and months we were the object of a sustained effort designed to develop in this country an imperialistic sentiment. The London Times went so far as to hint that the dominions would assume part of the cost of British rearmament. The combination of war preparations in Europe and increased military appropriations in Canada afforded some reason for doubt, to say the least, particularly on the eve of an imperial conference.

In view of our geographical position and the international situation, existing at that time, all causes of conflict having apparently disappeared—the conquest of Ethiopia having become an accomplished and accepted fact; Germany having, by scrapping the Treaty of Versailles and reoccupying the Rhine demilitarized zone, satisfied its pride; Japan giving no cause for uneasiness; and the gentleman's agreement concluded between Great Britain and Italy on January 2, 1937, having apparently settled the difficulties which had arisen in connection with Spain and the Mediterranean—I could not see at that time any danger of attack justifying an increase which seemed to me disproportionate to our needs and our means.

I asked for particulars and guarantees, but those I received did not seem to me to be sufficient.

Nevertheless, though refusing my support, I stated my readiness to vote any amount required to ensure the defence of Canada, but in Canada only. I asserted my opposition to any participation in a foreign war and to any preparations for such a purpose.

We were told that the appropriation was solely for the defence of Canada. But when I asked the Minister of National Defence where our first line of defence was, I obtained no definite reply carrying any reassurance, but rather an evasive answer tending to inspire if not fear, at least serious doubt, for the

dispelling of which not a single statement issued from the government before the vote was taken.

Such were the circumstances of my refusal to vote for the increased appropriation. My opposition, mark you well, was based not so much on the expenditure involved as on the fear that it was intended for war outside of Canada.

Has there occurred any change in the situation since then, either in Canada or elsewhere?

In the months of May and June last, there was held in London an imperial conference at which defence was the chief subject of discussion. Despite the appeals of those who wished to involve Canada in a policy of imperial defence, our delegates showed a most commendable attitude.

The Summary of Proceedings states that the Conference recognized that:

it is the sole responsibility of the several parliaments of the British commonwealth to decide the nature and scope of their own defence policy.

and that:

the increased programs of armaments were no more than sufficient for the defence of their (that is, the countries represented) territories and trade and the fulfilment of such obligations as each might have assumed.

Then the Prime Minister, in a speech he delivered on his return from the Conference, spoke as follows:

Canada made no agreement to participate in any military campaign undertaken by the empire or the League of Nations.

These definite statements show the truly Canadian attitude adopted by our ministers. They serve, Mr. Chairman, to dispel the apprehensions raised by the increased appropriations of last year.

Here is another important fact. Last October a highly-placed man made the following remark:

Canada is a sovereign nation and a Canadian's first duty is not to the British commonwealth but to Canada.

Then came the Lotbinière and St. Henry elections.

The hon. member for Lotbinière reminded the House of the statements made throughout the campaign, in which the Minister of Justice and the Minister of National Health took part. He said:

My friends and I stated at every public meeting that we were in favour of defending our country, that we believed that our first line of defence was now in Canada, but that we were against spending one cent to arm or equip an expeditionary force—in short that we did not intend to take part in any foreign war.

[Mr. Raymond.]

The same language was used in St. Henry where the Minister of Public Works and the Secretary of State asserted their opposition to joining in any foreign war and stated that not one cent of the 1937 appropriation had gone into preparations for war outside of Canada.

The Minister of National Defence, called upon for a statement, affirmed that—

the estimates contained no appropriation for an expeditionary force, but provided only for the defence of Canada against those who might attack us or violated our neutrality.

And on January 21st last the Minister of Justice said to the delegates of the Federation of National Catholic Unions:

I notice that your brief contains this sentence: The Federation of National Catholic Unions is against Canada's participating in any foreign war. Such is also my view of the matter.

Finally, the estimates for the coming fiscal year show a reduction of $4,551,401 in the contested items.

All these facts, Mr. Chairman, tend to set our minds at rest regarding the aims of the government's defence policy.

I now come to the international field. The situation abroad, dominated by the armaments race, is far from reassuring. Fortunately Canada does not appear to be taking part in the race with any hope of winning, as she has diminished her appropriations while other countries have considerably increased theirs.

Let us examine the sequence of events.

Italy which, since the Ethiopian conquest, one would be inclined to class among the satisfied nations, is becoming more and more threatening; she asks her people for guns instead of bread.

Germany wants colonies and wants to obtain them by force rather than by compromise. "Less and less butter and more and more guns," was the statement recently made by a minister of the Reich. Germany seeks to extend her influence wherever there are Germans.

Japan, which we thought happy since her conquest of Manchuria, has developed a still greater desire to expand. One wonders where she will stop.

Nations no longer consider themselves bound by treaties. They adhere to them only so long as it serves their interest to do so.

These three great nations do not hesitate to say that they place their reliance on force and antagonism. They have made an agreement known as the Berlin-Rome-Tokyo axis. Though threatened by no one, all three consent to the greatest sacrifices in order madly

to arm themselves by day and by night. For what purpose? Not to defend themselves, for no one thinks of attacking them.

So we see small, peace-minded countries of Europe, like Sweden, Holland, Belgium, Switzerland and others increase their armaments in order to defend their territory, to defend their neutrality.

Let us look further into the matter. What is Italy's present policy? Though no one is disputing her colonial empire, she is increasing her fighting capacity, despite her poverty.

Notwithstanding the gentleman's agreement which she signed with England on January 2, 1937, she continued her intervention in Spain not for the purpose of obtaining foodstuffs to improve the condition of her people, but in order to obtain raw materials needed for war. She has designs on all sides—in Spain, in Africa, in Egypt and elsewhere.

She is maintaining three armies outside of her home territory: one in Ethiopia, one in Lybia and a third in Spain, which are exhausting her resources. With an army, a navy and an air force whose needs are constantly increasing, she is practically devoid of coal and oil.

While claiming that her conquest of Ethiopia was dictated by vital necessity, her actions show that her policy is a policy of aggression and that she cherishes designs of conquest and domination.

The statements uttered by Mussolini at the beginning of the year regarding the laying down of further units do not indicate any slackening in that respect.

Germany's policy is still more alarming. Having torn up the Treaty of Versailles, of which only the territorial clauses and the dispossession of her colonies are left, having freed herself from all the restrictions imposed upon her national sovereignty, having provided herself with a formidable army equipped with modernized artillery, and an air force daily becoming more powerful, she intends reconquering her colonial empire, with the aid of Mussolini, whose visit to Berlin in September last has consolidated the alliance of the Italian and German peoples.

On November 20, 1937, Hitler said:

> Within six years, Germany shall have reconquered her colonies.

On December 10, Mr. Goebbels declared:

> Naturally, the four-year plan is also intended for war.

On December 12 when Mussolini announced Italy's resignation from the League of Nations he said, with a flourish of his sword:

> On land, on sea and in the air, our arms are numerous and sharp.

And Hitler, in his speech of February 20, spoke as follows:

> Year after year Germany will insist more and more on the return of its former colonies of which she was deprived by nations who have no use for them, while for us they are indispensable.

The return of the colonies remains one of the articles of the program which Hitler and Mussolini are together seeking to carry out.

Encouraged by the success of her foreign policy, strengthened by her military revival, Germany has been demanding with ever-increasing insistence the return of her former colonies ever since Mussolini gave Italy's official approval to her claims at a great Fascist demonstration held in Rome last November. And she seeks to justify her colonial claims by economic reasons.

Let us see whether these claims are based on real economic need or simply on considerations of prestige.

In the course of a speech which he delivered in March, 1937, at the International Academy of Diplomacy in Geneva, Mr. Amery, a former Secretary of State for the Colonies and Dominions in the British government, showed with the aid of statistics that

> —before the war the German colonies played a negligible part in the Reich economy; all together they accounted for only six-tenths of one per cent (0·6%) of Germany's exports and five-tenths of one per cent (0·5%) of her imports.

The loss of her colonies has obviously not prevented Germany from obtaining the supplies she needed and their restoration would not suffice to alleviate her scarcity of raw materials. In any case, Germany has since the war traded with her former colonies now under mandate on a footing of absolute equality with all the other powers, and she sells to them more than she buys from them.

As for essential raw materials, statistics show that 90 per cent of the world production comes from independent countries and only 10 per cent from colonies properly so called.

Are the colonies necessary for the settlement of a surplus German population?

The answer is no, for in 1914 there were only 24,000 Germans in all the German colonies, of which only 18,000 were on the African continent. Moreover, if Germany needs space for her surplus population, how is it that she has just concluded with Italy an agreement under which she is to admit 30,000 labourers for farm work in the spring?

In order to satisfy Germany, it would be necessary to redraw the boundaries of the entire world. And there is reason to believe

that Germany's desire to recover her colonies is based on considerations of strategy or of prestige and pride.

How far will she go in the direction of territorial claims to satisfy her hunger for domination? Hitler's recent speech and the Austrian developments are rather disquieting. The Chancellor, speaking to the whole world, made known his intention to take under his protection the German minorities living in the neighbouring states. We might well ask ourselves, what next? There are now in Germany four to five million men employed in armament plants. And press dispatches report that the conscription has been decreed of all youths leaving school in order to enroll them in production.

Military conscription, economic conscription, everything tends towards war. Every budget contains national defence appropriations. The new improved motor roads were built with strategical uses in mind. From May, 1935, to November, 1937, Germany is said to have expended 8 billions of dollars in armaments and she has not finished. Where will all this lead to? Lucien Romier stated the question as follows in its relation to the Japanese aggression:

> Seeing Japan make such profitable use of her armaments, how much longer will Germany, strained to the utmost, and Italy, exhausted by her efforts, restrain themselves from attempting to obtain some benefit from their own armaments?

The attitude shown by Japan since last summer has injected into the international situation a new element of uneasiness and is most ominous for Canada. This new Japanese invasion of China has once more upset the friends of peace.

A proletarian nation, Japan, according to a French economist, has managed, without having in its islands a single raw material, to attain third place among the industrial empires of the world. Her population is overflowing. Had she not in Manchuria, which she conquered, and in her other possessions a sufficient outlet and source of supply? Nevertheless, without a declaration of war, she launches her forces once more upon China in quest of additional territory. It seems obvious that Japan, either to obtain raw materials for its industries and space for its surplus population or to enhance her imperial prestige, seeks to dominate the Pacific. In any case, at the end of December or the beginning of January a Japanese minister, Admiral Suyetsugu, launched an appeal to the yellow race to free itself from the domination of the white race.

Ever since last summer the Japanese have been bombarding civilian populations and attacking neutral ships. In August last the British ambassador was machine-gunned while travelling from Nanking to Shanghai. Later on the American ship "Panay" was sunk and the British ship "Lady Bird" bombarded.

Whether it is a matter of economics or prestige, it is certain that Japan is pursuing a great war of conquest which not only affects China, but threatens the interests and even the possessions of other nations. The question is how far her ambition extends. Is she aiming at the conquest of the whole world?

In the face of the alarming attitude of these three great warlike nations which have joined forces in the Rome-Berlin-Tokyo axis, the other nations which do not desire war have deemed it wise to undertake themselves rearmament programs of inconceivable proportions. Great Britain's program for this year involves an expenditure of 1,700 millions of dollars. That of France, 1,000 millions of dollars. That of the United States, 1,200 millions. And smaller nations such as Holland, Sweden, Belgium, Switzerland, to name only a few of them, fearing the worst, have increased their armament appropriations to an extent that compels them to practise the most rigid economy in other matters.

The uneasiness felt by every country in Europe has crossed the seas and affected our neighbour the United States. In the early part of the year President Roosevelt proposed an expenditure of more than one billion dollars to strengthen his navy and aviation, specifying that it was not for purposes of aggression but solely for national defence. To Chairman Taylor, of the House of Representatives Appropriations Committee, he said:

> Recent international developments have caused me a great deal of uneasiness. . . . It is my duty to maintain a jealous watch over national defence. When I say uneasiness, I have no particular nation in mind. It cannot be denied that many nations of the world are constantly increasing their armaments. I have made every possible effort to stop this disastrous race, but I have not succeeded. Facts cannot be denied. The United States, like all other nations, must recognize them.

Mr. Cordell Hull, Secretary of State of the United States, reaffirmed the ends sought by his country in its defence program. In a letter of February 12 last to Democratic Representative Ludlow, after stating that while guarding from extreme isolation the government wishes to avoid all alliances and entanglements, he said:

> If every peaceful nation were to insist on remaining entirely aloof from every other peaceful nation and on pursuing a policy of armament limitation without reference to

relative armaments, the inevitable consequence would be that other nations inclined to play lawless roles would thereby be given great encouragement and even assistance towards so doing.

And in connection with the naval rearmament program, he said:

All of the ships and auxiliary services provided for in the proposed program are needed for the national defence of the United States and its possessions. It is the desire of the people and the government of the United States that this country be not drawn into or forced into war. . . . It is the belief of those of us who, with full sense of responsibility, advocate these increases in our naval strength that the making of these increases will contribute to the attainment of that end. . . . Even with these increases, our navy would not be able to embark upon offensive or aggressive operations.

This new orientation of American policy constitutes in the international field an event of decisive importance for Canada; it determines our own policy.

Glancing at the map and contemplating the immense body of water that separates the American continent from Asia, the possibility of a successful attack appears very remote indeed. But on the other hand, if we take into account the improvement and rapidity of means of attack, if we think of the defence preparations effected in the course of the last few months by the American people, the most peaceful on earth, for the protection of their Pacific coast, which adjoins Canada—an air base at Sitka Harbour, Alaska; another one at Dutch Harbour in the heart of the Aleutian Islands, 1,380 miles from the Japanese air base on the Kuril Islands; improvements to the Hawaii Islands naval base; an aerial station at Tacoma to protect the country against a possible threat from Japan by way of the Aleutian Islands, Alaska and British Columbia—is there not cause for uneasiness on our part?

Such is the history of the past ten months. An armament race accompanied by the pursuit of raw materials. An insatiable hunger for domination. World peace threatened from all sides by the dictatorships. The minds of these people instead of being directed towards peace are more and more directed towards war. The whole world is arming.

According to recent documents from Geneva, the expenditure on armaments in 1937 amounted to 33 million dollars a day, and it will be still greater in 1938.

In the face of such an international situation, where do we stand? Are we exposed to attack or to a violation of our neutrality? Wherein lies the guarantee of our security?

The League of Nations had for a time given hopes of security to peaceful nations. Unfortunately, following a series of successive failures, she has lost the means of preventing conflicts. I will remind the committee of only a few of these failures, in connection with the great powers whose actions are the cause of the greatest worry for peaceful nations.

In 1931 Japanese aggression against China in Manchuria, in defiance of three basic treaties: the Covenant of the League of Nations, the Washington treaty (also known as the nine power treaty), and the Briand-Kellogg pact.

In 1935 Italian aggression against Ethiopia, violating four treaties: the League Covenant, the three-power convention of 1906, the Briand-Kellogg pact, the Italo-Abyssinian treaty of friendship of 1928.

In 1936 Germany reenters the demilitarized zone of the Rhine, in spite of the Versailles treaty and the Locarno pact.

In each of these three cases the League of Nations bowed before the fait accompli.

As a writer has said: "The fundamental principle on which the league is based, that of collective security, crumbled down when the disheartening fatality that, even to oppose the use of force one must be in a position to use force, was made known to the world."

Is our geographical position a protection in itself? Assuredly, on account of the distance between us and the three bellicose powers, the danger of aggression is rather remote, but not entirely abolished. With modern means of transport, which are constantly being improved, and with the greater speed of aeroplanes and ships, oceans grow narrower, distances grow shorter.

Are not the United States as far away from them as we are? They entertained no apprehension last year. But, see what they are doing now. If they feel the need of protecting themselves on the Pacific, does not the same need exist for us also? In the case of a conflict between Japan and the United States, what would become of our neutrality?

Last year, Mr. Bourassa said, in connection with the military appropriations: "Against whom are we rearming? Against Japan? There might be something in the idea."

Would England or the United States protect us? As far as England is concerned, we cannot expect from her anything that goes beyond her own interest. If we want to be free from any obligation towards her that would involve us in a world war, we cannot demand anything of her. But, even if her interest compels her to defend our country, would it be possible for her to do so in a scattered war? Recent statements in the British House of Commons settle the question.

As for protection from the United States, it cannot relieve us of the duty of contributing something. And let us bear in mind that protection inspired only by interest is not to be fully relied upon. Italy conquered Ethiopia to the detriment of English interests. Japanese have taken possession of part of China to the prejudice of English and American interests. However, neither England nor the United States have intervened in defence of the countries attacked.

What country could attack or invade Canada?

We cannot think of any possible enemy. But we see countries arming themselves to the teeth, not for defence purposes, because nobody is attacking or threatening them, but with a view to conquer new territories, to strengthen their economic independence and satisfy their appetite for expansion and domination. Their attitude is becoming more and more threatening.

We cannot think of any possible enemy. But our country is endowed with unrivalled and varied resources which arouse the cupidity of those countries hankering after raw materials. The visit of German engineers to Anticosti island, last December, was prompted by the desire either to secure raw materials or to establish a military base, and one is as alarming as the other.

Ethiopia had no enemies, but she had natural resources. China had no enemies, but she was a source of supply and an outlet for the surplus population of Japan.

To-day, countries always find a way of justifying any attack.

Belgium had no enemies in 1914, her neutrality was guaranteed by a treaty. She was nevertheless invaded. Sweden, Holland, Switzerland have no enemies, but they are arming for their own defence. Our neighbours, the United States, have no enemies, but they also are arming, and how!

If we have no enemies, there are at least those who disturb our peace and who give us cause for reflection.

What is Canada's duty?

In this early part of the year 1938, we are faced with three great powers: Germany, Italy and Japan, whose armaments, ambitions and plans are the more alarming as the international situation grows more strained. Events seem to have conspired against the friends of peace and unarmed security. The moral appeasement that could be expected in the early days of 1937 has not materialized. Facts speak for themselves.

It is impossible for us to maintain an ideological policy; we have to face realities. Our state of sovereignty involves the duty of providing for our own defence and safeguarding our neutrality. The best way to develop a Canadian sentiment is to be prepared to rely on ourselves rather than on others.

It goes without saying that we must avoid being entangled in any external conflict.

When we see what is going on in Europe, Africa and Asia, where Great Britain has interests to safeguard, we realize how our association with members of the commonwealth might have serious consequences if it involved for us any obligation of taking part in a war in which one member might be engaged.

As an aftermath to the Ethiopian conflict, we are faced with the Egyptian crisis, in which we can see the clash between English and Italian influences.—In Europe, we have a dispute for the control over the Mediterranean, as a consequence of the Spanish war. In the Far East, it is the Japanese thrust in China with all its effects in the economic field.

Assuredly, Great Britain appears to know how to take blows when necessary. Nevertheless, she has interests on the five continents and the cause of conflicts are numerous.

The Statute of Westminster has made Canada a sovereign nation with all the liberties implied by that word; most precious of all being the liberty to avoid getting killed for the protection of the interests of others. At the present time Germany is asking for the return of her former African colonies, which have been divided among all the members of the commonwealth with the exception of Canada. Well, can you imagine Canada fighting in order to keep those colonies under their control?

Our interests are in America, because Canada is an American country, and our attitude in military matters must not be determined by the attitude of Great Britain, whose interests are so numerous and varied in all parts of the world, but by the attitude of our neighbour, the United States of America, who entertain no warlike views.

Let me read to you a resolution passed some time ago by the Canadian Students' National Congress, as reported by Le Droit of February 11:

> Canada owes it to herself to formulate a program of moderate rearmament in order to strengthen her coastal defences. Canada must not be a party to a plan of collective defence for the countries of the empire, but must rather aim at a system of tacit cooperation with the United States in that respect.

And the newspaper commented on these resolutions as follows:

> The two resolutions taken together are acceptable.

Canada enjoys the great advantage of being in America. Defensive armaments, unimportant in themselves, become powerful in our country against a distant enemy who could attack us only under disadvantageous circumstances due to the great distance, and only at the risk of provoking a friendly nation or a nation interested in our defence.

Like all other peaceful countries, we are compelled by necessity. The defence of our country cannot mean preparing for war; on the contrary, it means striving to avoid it by discouraging in advance those who might have in mind to attack us for any reason whatever.

As Lyautey said:

Showing one's strength is the best way to avoid the necessity of using it.

We cannot advertise to the whole world or let everybody believe that Canada would be an easy and defenceless prey for anybody who would like to attack it or simply invade it. Therefore I am in favour of a defence policy, based on our autonomous condition, on our desire for peace, on our geographical situation, on our financial means, and having for its sole purpose the safeguarding of our neutrality and the protection of Canada, in Canada.

What estimates are we asked to vote for National Defence purposes?

According to the blue book, they amount to $34,034,364. As a matter of fact, military appropriations are not over $32,766,594.

There has been included this year in the estimates for National Defence, under item 180 and items 194 to 198, a total of $911,770, that had never before been included in those appropriations, but were in the estimates for Civil Government, Northwest Territories and Miscellaneous. Item No 193—Civil Aviation, an amount of $356,000, covers expenses in connection with topographical air surveys for the Mines and Resources Department, and is also a non-miltary item. All the above-mentioned items, forming a total of $1,267,770, though administered by the National Defence Department, are not actually military appropriations and must be deducted from the amount of $34,034,364.

I should have liked to make a few observations on the four items about which I and some members differed last year, but time will not allow. It will be sufficient to say that they have been reduced by $4,551,401, compared with the amounts voted last year and that I have satisfied myself, with the aid of the particulars printed in the blue book and the information I have received, that the four items cover, for the greater part, maintenance and renewal expenses. As for the votes in connection with the new undertakings, they will be used to erect buildings that cannot be moved from one place to another, to purchase two destroyers and a number of planes necessary for our Pacific coast defences.

I took the trouble to make a careful study of the defence appropriations. And, if I have decided to support them, it is for the reason that, having made a serious review of the international situation in the light of the developments of the last ten months, I believe them necessary for the defence of our country and the safe-guarding of our neutrality; it is because, following a careful study of the various items, I am satisfied that they will serve exclusively for the defence of Canada, in Canada only.

As I do not believe in systematic distrust any more than in blind confidence, and having regard to the attitude adopted by the right hon. the prime minister in a number of cases, particularly in 1922 on the occasion of the Chanak incident when he refused to embark Canada in a war at the request of Lloyd George—then on the occasion of the Locarno treaty,—at Geneva, in September 1936, and above all at the Imperial conference held in London during the months of May and June last, I have reason to believe that, always animated with truly Canadian sentiments, he never will entangle Canada in a foreign conflict in which she would have no interest to defend; and by so doing he will contribute greatly to maintain unity in our country.

Mr. T. L. CHURCH (Broadview): There is a reduction in these estimates of $2,000,000 from last year's total of $36,000,000 odd. This is a large sum of money compared with past votes, but it is necessary, and I am glad that the government has given to the house an opportunity to discuss the great question which at the moment means so much to the people of Canada, as it does to the people throughout the British empire. The defence of the empire is a matter of life and death, because if Britain fails the world will go out into outer darkness and we in common with the rest of the world will lose our liberties and the civilization we enjoy. The Canadian people are very much concerned about the whole question; it is one of the questions uppermost in their hearts and minds to-day—"Whither Canada"? That question is on everyone's lips.

So far as defence is concerned we are back where we were in 1812—complete dependence on the motherland for protection. We have never had any adequate defence policy nor

have we had adequate defence forces to protect our shores. We have been depending upon the mother country for the preservation of our liberties and our civilization. We can talk about this estimate of $34,000,000, but it is a mere drop in the bucket compared to what the people of the motherland have to pay for the defence of the empire. I have a great deal of respect for the Prime Minister; he is a gentleman whom I have known for a great many years, and I am sure that everyone sympathizes with him, for his burden at the present time is a heavy one. Under our constitutional practice, however, as the Prime Minister is aware, seeing that he has had a great deal of experience in diplomatic affairs, it is the duty of parliament to inquire into estimates such as those we have before us to-day and to see how the trust reposed in the Prime Minister and the government has been discharged.

I do not agree with the policy of silence in matters of this sort. I remember that before the great war, in 1914, Field Marshal the late Lord Roberts was laughed at in England and his speeches called pernicious and dangerous because, even up to three days before the outbreak of war, he predicted it. A number of public men in England—Asquith, Haldane, Runciman, and some of the most prominent men in public life there—were of the opinion that there would be no war; they had found a way of preventing it. There had been silence about foreign affairs and the defences of the country. That should be a lesson to us to-day in Canada in considering the question now before us. In my opinion silence is a mistake; it is far better for the government to take parliament and the country into its confidence and to indicate the exact state of affairs.

I am glad to see that the hon. member who has just spoken (Mr. Raymond), coming as he does from the province of Quebec, realizes the importance of national defence. The people of that province have always been loyal to the mother country and I am glad to see that its representatives are taking the stand that adequate defences and armaments are necessary. During the St. Henry by-election the Minister of Public Works and the Secretary of State, with other younger speakers, took the stand that adequate defences were necessary for this country. But adequate defences of themselves without adequate man power, as has been said very well by a great public man, are inadequate, and I believe the support of adequate defences for Canada is a sound position for the people of Quebec to take because, with British Columbia, it is among the most exposed provinces of Canada, so it is necessary there for us to have adequate defence.

The second point I wish to advance in regard to these estimates is that every gun and every soldier to man a gun brings us nearer not war but peace, as was said by the minister for war in England the other day. I am glad that stand has been taken. Nobody in Canada wants war. The Minister of Pensions and National Health and the Minister of National Defence know what war means, but even those of us who could not or did not go during the last war have seen the awful suffering that resulted on the part of men, women and children throughout the country then and since. Everyone in England and Canada hates war and the very mention of war. The very idea of war is hated and detested by everyone; nevertheless preparation is necessary. You will not hear one word in favour of war either in England or in Canada. It is right to hate war, but we have to face the facts. There is the question of the defence of liberty and civilization. In England they have been slow to get started, but they have recognized the mistake they made in this army, and now they are a unit in rearming. At Norwich the labour unions voted in favour of rearmament by two and a half million to less than two hundred thousand. It has been forced upon England, and these expenditures have been forced upon the government and people of Canada by the situation existing outside this country. The government does not want it; the opposition does not want it. No one wants to spend all this money unless it is necessary, but it is necessary with the conditions that exist in the world to-day, and armaments for Canada are a necessity.

Canada has tried conscientiously to carry out all its various treaties, peace agreements and pacts. They have been carried out to the letter. The Prime Minister and the leader of the opposition, the former prime minister, as heads of the government of this country, did their best to carry out our obligations in regard to the League of Nations and peace. They did everything they could in the public interest, but what happened? The League of Nations has had no greater support than has been given by England and Canada. To-day England stands before God as the trustee of the peace of the world. It finds the league in ruins, and is brought to the very verge of war for disarming.

We have been slow to see this coming upon us, and I say to the government of the day that something should be done to take the people of the country into their confidence and let them know what are the real facts.

No longer can officials of our external affairs and defence departments consider these matters as their sole responsibility. That was the situation in England up to 1914, but afterwards they were sorry for it. We should not make a similar mistake now. I only wish to offer constructive suggestions, and I believe the government should now trust the people completely in regard to Canada's foreign policy and Canada's defence policy. We should have all the information now, so that we can tell our constituents in order that the country may know what it is all about. This is not the private affair of our Department of External Affairs or the officials of that department. They should not keep these things secret. Let the government tell parliament plainly the extent of our obligations to Great Britain and the other dominions. We should have a statement of the facts. We should know who are our friends in world politics to-day, and who are not. We should know the differences of opinion that may exist between the motherland and the south of Ireland and South Africa or between the other dominions and Canada on defence and foreign matters, if there are any differences, as I know there are. We should know the facts with regard to our obligations to these dominions, the British Empire and our friends in Europe.

I say we should not only consult and advise with Great Britain. We will have no time for that if the enemy sail up the St. Lawrence and blow up the citadel, or attack the Pacific coast. Then it will be too late, as it was in 1914. We should know what nations are threatening us, who are our friends, who are our foes; the extent of our own defences and arms on land, sea and in the air; what deficiencies there are in our armed forces, and what is required. This vote is only a drop in the bucket compared to what will be necessary in the future if this policy continues the world over. We should know what is necessary if we are to maintain adequate defences and adequate reinforcements, not only in regard to guns but in regard to munition plants in Canada. All the munitions used in Canada should be manufactured here, so far as possible by those out of employment. In the St. Henry by-election the Minister of Public Works referred to the venerable cannon and the horse drawn artillery. We should know what guns, munitions, transports, equipment, clothing and rations will be needed, and what merchant marine we have to carry food to England. Our memory is very short, but we saw what happened to Belguim in 1914, when she was unprepared, and there was secrecy and silence respecting her defences until it was too late. Do we want it to happen again?

I am glad to see some advance in the policy with regard to the air force. Since we have been a country we have never had any policy of defence. To-day, as in the war of 1812, we are depending on the mother country. There is a vote of $10,000,000 for the air force, but you know as well as I do that with aeroplanes capable of travelling 250 miles an hour an enemy can leave their base, do damage to municipal institutions, public utilities, government buildings, schools and hospitals, and return very rapidly. So I think we should have a proper air force. During the last great war Canadians led the world as air men. They were the best at the front, and what we did then we can do again.

Then there is the question of national service. I have not heard any reference to this, although I believe the minister has done something about it. There should be some form of voluntary national service here, on educational, social and practical lines, and business men should help. We have a large number of young people out of work, walking the streets and taking the dole. If there were some system of training similar to that proposed by the minister of war in England they could enlist for a five year period, during which they could learn a trade, and get some pay and lodging, clothing and equipment, etc. They would receive physical as well as military training, and many of them could be employed as air mechanics, pilots and workmen. It would be a form of preparedness in regard to man power, which as I have said is just as necessary as adequate defences and adequate armaments. I think it would do a great deal to solve the unemployment problem.

I want to congratulate the Chamberlain family. The great Joseph Chamberlain gave us this dream of imperial preference and imperial federation out here, with a trade policy wrapped up in defence and migration. Great services were performed by his late lamented eldest son, Right Hon. Sir Austen Chamberlain, and the present Prime Minister of England, Right Hon. Neville Chamberlain, whose wise judgment and uncanny way of accomplishing things and steadying affairs in times of stress is a great asset in times like these. The Chamberlain family have always been well disposed towards Canada. Their trade preference policies have done much for this country. I am glad to see that in Great Britain at the present time a man who has kept a steady head is heading the government. If ever England needed a George Canning, she needs him now. We have to-day the same condition of affairs which existed in 1823 after the great Napoleonic war. At that time

England had a prime minister named George Canning, one of the greatest prime ministers, so far as his dealings in connection with foreign affairs were concerned, that the mother country ever had. He brought peace to Great Britain. For over a hundred years there has not been a civil war in that country.

I congratulate the present Prime Minister of Great Britain upon saving the dominions and the motherland from war. I believe he will go down into history for what he did in the past month. In addition to that, he is a modern George Canning. I believe that if the present government in Great Britain carries out the commitments it has now in the way of promises and pledges and makes no more, the policy of the motherland will be based upon that of George Canning, of keeping out of European affairs as far as possible and preserving peace—at any rate until Britain is armed.

What is Canada's defence policy? Whither is Canada going in foreign affairs? Those are two questions which might be discussed under this vote. It has been said that we are not to have all the facts in this matter, but I believe the government would be well advised to have our defence policy wrapped up with that of the mother country on land, on sea and in the air. The defence policy of a dominion such as Canada should be fashioned after and coordinated with that of Great Britain. The government has announced that it was not consulted but advised by the British government in connection with foreign policy, a distinction without a difference. The reason may have been that it did not want to be consulted; some have said that. The government says it has simply been advised. The distinction between "advised" and "consulted" may be a play on words.

We have no defence force. Would we wait to advise and consult the mother country if an enemy were to come here? No; we would be glad to advise or consult then, because we would not want this country to be overrun by an enemy dictator. Never in the history of Canada has it been more necessary than it is now to tell the Canadian people the exact state of affairs. There is no use in depending upon pan-Americanism and the Monroe doctrine. We have depended upon them in the past, and they have been found wanting. We owe all the freedom and liberty we have to the motherland, and are entirely dependent upon her for defence and freedom.

Our policy of defence, in all its detail, is wrapped up with that of the mother country. As I understand the defence policy of Canada, it must be wrapped up with that of Great Britain. Our defence policy is wrapped up in Locarno, and in the League of Nations. Our policy is one of isolation. If Canada's reliance is on the League of Nations, then it is leaning on a broken reed, because the league is bankrupt. The policy of Woodrow Wilson, that of open diplomacy, is a sham and has gone forever. This is the tenth league of nations that civilization has witnessed. They have all proposed through a formula to prevent war. They would have stopped war two thousand years ago, if a formula was all that was needed, but never in the history of the world have they been able to do so. There have been leagues of nations before, throughout the civilized world, and they have been complete failures. If a league of nations was sufficient to prevent war, then former leagues would have stopped wars two thousand years ago.

Is Canada still a member of the league? If the league is in existence, for what purpose is it? Our expenditures in connection with the league are very great.

In regard to the vote we are now considering for national defence I would call attention to the law of Canada to-day as it appears in section 63 of the Militia Act, chapter 132 of the revised statutes, which states:

> The militia or any part thereof, or any officer or man thereof, may be called out for any military purpose other than drill or training, at such times and in such manner as is prescribed.

Then section 64:

> The governor in council may place the militia, or any part thereof, on active service anywhere in Canada, and also beyond Canada, for the defence thereof, at any time when it appears advisable so to do by reason of emergency.

Then section 66 gives the governor in council these further powers:

> Whenever the governor in council places the militia, or any part thereof, on active service, if parliament is then separated by such adjournment or prorogation as will not expire within ten days, a proclamation shall be issued for the meeting of parliament within fifteen days, and parliament shall accordingly meet and sit upon the day appointed by such proclamation, and shall continue to sit and act in like manner as if it had stood adjourned or prorogued to the same day.

The is the law of Canada to-day. In the belief that armies, navies and air forces were unnecessary, the politicians led Great Britain to disarm. That disarmament came about through the agitation of pacifists, the League of Nations and other agents of separatism. Great Britain was led to disarm in 1922. She had the finest army, the finest air force and the finest navy the world had ever seen, all of which she scrapped. The great peace mother

of the world disarmed. She had relied on that force to protect her shores, and we, too, had relied on it. A force equal to that cannot be got together in a day, a month or in a generation. As a result of her disarmament she to-day faces insult, invasion, and eventually extinction unless armed. Since 1933 the Japanese have captured Manchuria; Italy has taken Ethiopia, and Germany has invaded the Rhine and Austria. Despots and dictators with armed forces that were illegal, the world over have been looking at Canada with covetous eyes. This great, rich country, with its magnificent natural resources and wide open spaces has been coveted the world over. To-day within the empire we are at the parting of the ways. An unarmed Great Britain or an unarmed empire invites invasion, insult and finally extinction. There is no better or more certain way to war than to have an unarmed British Empire, an unarmed Great Britain.

There is an old Italian proverb which says, "The world will always stand aside to let anyone pass who knows where he is going." These dictators know where they are going. We might have had them here in Canada. Do we know where Canada is going? The world let Hitler go where he is going to claim world hegemony and dictatorship. Some hon. members to the left, in and out of the house, a year ago were willing to depend upon the Monroe doctrine and pan-Americanism for our defence. If they followed that for a few more days they would soon know whither Hitler and other dictators were going. Canada faces in time not only the possibility but a strong probability of invasion.

We do not know where Canada and the dominions are going. We are just where we were a hundred years ago. We have no adequate defence force to protect our borders. We have been outdistanced by Italy and Germany. Another mistake was this: We spent $3,500,000 on the League of Nations; in order to please the league and to please the United States we quarrelled with Italy. I say it was not worth the loss of a boy scout to send a defence force to Ethiopia, or to quarrel with Italy, once one of our most devoted allies. It is a great stroke of good fortune that Great Britain's Prime Minister has now seen fit to bring these two old allies closer together.

As I said the other night, in connection with the bill sponsored by the hon. member for Comox-Alberni, the dissolution of the Japanese alliance brought great danger to the Pacific coast. I have no quarrel with Japan. I shall not say a word against a country which has been our devoted ally. If we had stuck to our policy in the far east we would be much better off in the Pacific to-day and have retained the Japanese alliance. We would have been much better off if we had given our money, through the mother country, towards the maintenance of the great Singapore base, a naval base established for the protection of Canadian, New Zealand and Australian interests in the Pacific. Australia and New Zealand have given about $5,000,000 towards the construction of that base. It was a project which would have protected us in the Pacific.

It is too bad that in order to please the United States we lost an opportunity to keep our alliance with Japan, and to please a section of the people in South Africa and Ireland we consented to that lamentable act, the Statute of Westminster. We have seen the results of such a policy in what has happened in the far east. We are depending upon the United States to keep order in the far east when we should be ready to cooperate with the motherland in her alliance with Japan there.

We are now realizing some of the mistakes that have been made. We have sided with the south of Ireland and South Africa in certain matters, and India has been given over to Gandhi through this policy of lack of preparation and pacifism. Because of the disarmed condition of Great Britain and the dominions, the British Empire was on the verge of war only a month ago.

In my opinion the league of nations' society is doing a great deal of harm in Canada. The British Broadcasting Corporation in Great Britain has stopped pacifist harangues over the air. They have been stopped in the United States and they should be stopped here. These people are hoping for the millennium described by Tennyson, but we cannot hope to escape the horrors of war on our own soil unless we have some force behind us. Great Britain was the only large country that stood by the League of Nations and promoted peace; the others all got out while the going was good. Great Britain disarmed and France disarmed, and as soon as there was complete disarmament by Britain and France, Germany, when fully armed crossed the Rhine and occupied the Rhineland. If the league had been any good at all it would have stopped that invasion. That was one great mistake which was made. But France was disunited and disarmed, without a proper government and with communism rampant, and Germany stole a march on her and is still marching in Europe.

What we need to-day is another George Canning, and I think we have one in the present Prime Minister of Great Britain to

keep us out of European wars. The league has done more to provoke war than to avert it. It has been a source of mischief ever since its creation. The United States would not even join it. We see the result of all this in a vote of $34,000,000 to be paid by the taxpayers of Canada for all this folly. One of our great Anglican bishops in England said the other day that the civilization of Europe is not worth preserving; that it is worse now than it was a thousand years ago.

A few years ago Mr. John Buchan was then a member of the British House of Commons. He had an almost uncanny knack of interpreting public opinion, and he certainly expressed the view of the vast majority of his fellow countrymen when he said "that the League of Nations and the league of nations' society were largely in the hands of the crank, the sentimentalist and that appalling creature, the publicist." I hope the government of the day will stop considering the voices of the pacifists in this country as the voices of all the people of Canada. They are not. They have had their day and generation and we have seen the results. The government should not mistake the babble of the pacifists for the voice of the people of Canada on foreign affairs and on the question of adequate defence nor the voice of the Isolationists.

I hope the minister will not think I am criticizing his estimates as I am not. First, I should like to refer to Camp Borden. During the war a large air camp was established at this point. There are four landing fields, and I think the camp is unsurpassed in Canada for natural drainage and the facilities offered for landing and taking off. This camp has now been to some extent abandoned for Trenton, where under the best of conditions it is not considered safe to train young pilots. I know some changes have been made during the past year at Camp Borden, but I would direct attention to the fact that a large number of young men were killed at Deseronto during the war because of the winds prevailing in that part of the country. I consider Camp Borden as being a more satisfactory place for large air force training of pilots. I have talked over this matter with men who have been there and they agree with me.

The signal corps has been transferred from Borden to Kingston where the training conditions are rather inadequate. When Sir Frederick Borden was minister of militia there was a great artillery camp at Petawawa. This was considered one of the finest artillery camps in the empire, and many generals have commented upon it. I think we should have something like that at Camp Borden, Niagara and in all the provinces. Niagara should be used to a greater extent. Thousands of dollars should be spent on the Stanley barracks at Toronto, on old quarters and better quarters. These barracks have a historical interest and they should be retained.

I am sorry the government has not brought down a more definite policy with regard to the Pacific. We might have had a Locarno in the Pacific with Japan, England, Russia and the United States, but owing to the breaking of the Japanese alliance that was not brought about. I believe we would have better protection in a naval way on the Pacific if we were more closely allied with the motherland. We should take a greater interest in the Singapore base instead of leaving the matter of Pacific defence to the mother country and Australia and New Zealand.

There has been a definite change in our defence policy since the Statute of Westminster was passed. That statute was passed to please southern Ireland and South Africa, and the result is that New Zealand, Australia, Canada and all the other dominions are considered as separate countries which can make war or negotiate treaties. That folly called separatism divides us in war and separates us in peace. These countries have a separate defence policy from that of the motherland, and on the whole I believe the statute was a great mistake on the part of the dominions.

More consideration should be given to air defences. There is not only the possibility but a great probability that air raids will occur in the next war in which Canada is involved. The defence of our population from air raids should be considered. These raids will be the chief source of danger in all future wars, and we shall be living in a false paradise if we do not adopt measures to protect ourselves. Abyssinia was recently a theatre of war, and we all know the destruction of civilian population that occurred through this means of attack. Abyssinia is an open country with only a small density of population as compared with what there is on the island of Montreal and in other parts of Canada, and yet great damage resulted.

Air raids can work great havoc in time of war, and the menace will be a very real one in Canada, especially to the people of Quebec, the maritimes and British Columbia. I am glad that some preparation, although it may be only a beginning, has already been made by the minister to meet this danger. I know he has been out looking over the camps. A fleet of aircraft could pass up the Ottawa river without a moment's notice and blow up these buildings, the Chateau Laurier, the

railway station and other large buildings. We should have very little warning of the approaching attack. Consultation and advice are words that are much used by the government nowadays, but we would not be consulted about any air raids that were contemplated against Canada. The enemy's aircraft would be upon us before you could say "O Canada," or sing God Save the King. An aerial bombardment is one of the dangers most to be apprehended in time of war, particularly in large cities with their dense populations; the protection of cities from aerial bombardment should be one of the chief objectives of the national defence department, and proper equipment for defence against this menace should be provided. Probably the minister will have something to say about that later on.

Large quantities of poisonous gas could easily be spread over a large area as was done in Abyssinia, and incendiary bombs dropped on our large cities, with great destruction and slaughter, and the enemy aircraft could get back to their base in practically no time. These attacks would not only bring ruin to our cities and towns but break the morale of our people and prevent us from developing a proper defence and mobilizing our man power and armaments.

In regard to foreign and defence affairs Canada should wake up out of its slumber before it is too late. We were just as near war a month ago as we were in July, 1914. We were told last August at lake Simcoe, Ontario, that war was gone forever; but here in the month of March this association with a high-sounding name, the Canadian Institute of Economics and Politics, received a very rude awakening. Pacifists and economists have had their day in Canada and the United States, and have failed. Real science, rightly understood, was the admiration of the world, but the way in which science has been applied with its inventions to making war more terrible has made science a curse to civilization.

In conclusion, I want to say a word or two about the schools and the way in which false and injurious information has been disseminated throughout Canada by many agencies in regard particularly to the League of Nations, defence, foreign affairs and the cadet movement. The cadet movement is not a military movement; it is more for physical training. I understand that the minister has been taking some steps along the line of having a national policy, a volunteer one in Canada for home service and home defence of all kinds. That is not a luxury but a necessity. I notice that the British Field Marshal Lord Milne, on January 7 last, was talking about this problem as it relates to the schools. He was addressing the secondary school teachers in England, and I am glad that the right hon. leader of the opposition (Mr. Bennett) is going to address next Saturday the high schools of the city of Toronto. Lord Milne said:

> Sometimes too much was made of learning when reference was made to education. Character, patriotism and discipline were equally important.

An article in the January, 1938, issue of the National Review at page 48 quotes the head master of a public school as saying:

> A man may obtain a double-first and yet be uneducated.

The writer of the article makes this comment:

> Conversely, one has known educated men who could neither read nor write. Until the Board of Education insists that formation of character, the obligations of duty, patriotism and self-sacrifice are the mainsprings of education, young men will be found wanting, when put to a practical test, in the responsibilities of citizenship. . . .
>
> I have already commented on the lack of state teaching on the duties of citizenship, including service for one's country; but what is to be said of authorities in state-aided universities and schools who openly inculcate the principle of peace at any price?

Are we doing our duty and teaching the principles which Lord Milne advocated?

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation): Mr. Chairman, I followed with great interest the speech which has just been made by the hon. member for Beauharnois-Laprairie (Mr. Raymond). He has his opinion, and I have mine. My only regret is that they do not harmonize any more. For instance, I could not help noticing these words in the latter part of his speech which I quote from memory: "I am not prompted by blind confidence nor by systematic distrust."

I hope my hon. friend will not be offended when I tell him that neither are these the feelings which prompted hon. members to oppose an increase in military expenditures. They did it on principle just like the hon. member last session, and as they do it now, as a matter of conviction. I may add that I have never questioned for a moment the fine purposes of my colleagues who did not share my views on this important question of policy.

It is not because they were impregnated with blind confidence that the majority of my colleagues in this house voted for the defence estimates. Neither was it on account of a systematic distrust that we took a different view. Did not the right hon. the Prime Minister (Mr. Mackenzie King), who is liberal

and wide-minded, state on several occasions, and particularly at the recent demonstration tendered the hon. member for Ottawa-East (Mr. Pinard) that the Liberal party hated coercion which is necessarily derived from narrow-mindedness.

Mr. Chairman, the events which took place throughout the world since the last session of this parliament and the threats of war which are hanging over central Europe at the present time would not justify my change of attitude as regards military expenditures. Last year, while we were discussing the defence estimates in committee, I asked the hon. Minister of National Defence (Mr. Mackenzie) on several occasions if he would require a larger sum every year. As a matter of fact, I foresaw the expenditures which we are now discussing. Although they were reduced by $2,000,000, these estimates for the present fiscal year still amount to $34,034,364.42. Therefore I am quite determined once again to oppose this increase in the expenditure for militia and defence, in order to revert to the figure set for that purpose in the 1936-37 estimates. Why? Because the present estimates are still $18,155,953 higher than those for 1936-37.

In the compiling of those figures I have taken into account the amount of $2,201,000 for the purchase of two destroyers by the Canadian government, which appeared in the supplementary estimates for 1937. There is another reason why I should continue my fight. Canada, although far removed from the horrors of the Far East, the Iberian Peninsula and Central Europe, must realize what a suicide she would keep in store for herself for the day when, going beyond her own borders, she would take part in a foreign war. Our country will grow peacefully and harmoniously only in so far as it keeps its eyes on its own people, on its immense natural resources, on its youth whose strength must be preserved for the furthering of the progress of Canada and of Canada only, of its industries, its trade, its agriculture which has saved it from bankruptcy, which has fed the children, the women and the men of Canada. Our country must have peace to prosper on this American continent which witnessed its birth, its growth and its attainment of nationhood. Let us be guided by our traditions of strength and courage. Let these traditions bind us forever and more exclusively to this Canadian land of ours, the sole object of our love, hope and admiration.

In conclusion, I would like to state that, in the account I have just made of a situation which I find alarming, I had no other idea in mind, I was animated with no other motive than an ardent desire to serve my country while being of service to my constituents. I know their views, I know that they are inspired by a truly Canadian spirit. Therefore I would consider myself false to my trust if I took an opposite attitude.

Mr. Chairman, it is very painful for me again to differ on this vital matter with statesmen whom I respect, whose talent, ability and courage I admire. But I cannot sacrifice to the noble sentiments of friendship and admiration firm beliefs, or an ideal and a mentality which the horrors of war have irrevocably anchored in my mind and my heart. Others will perhaps criticize me. Nevertheless I will stand indomitably, with my eyes fixed on the firm, clear and limpid manifestation of principles dear to my heart, while respecting the convictions of my fellow members.

Let me add just one word. There is not a single Canadian citizen worthy of the name who would want the ruin of Canada. Well, any new military adventure on our part outside our own territory would involve tremendous expenses from which we would never recover. What I want to avoid is the bankruptcy and the downfall of my country. That is what I will oppose with all my strength. That is what I will condemn to my last breath.

Far removed from the maddened old world, and from a civilization bordering on barbarism, let us live in peace at home. Let us concentrate all our energies upon the attainment of the destinies of a great nation where tomorrow will blossom forth the virile beauty of a great people.

The hon. member for Beauharnois-Laprairie stated at the beginning of his remarks, if I remember rightly, that he had not received from the Minister of National Defence in the course of the last session a satisfactory answer regarding the limits of Canada. Mr. Chairman, in my humble opinion, Canada's limits are clearly determined by the Canadian Militia Act. I had no intention of speaking on this subject; I have been impelled to do so by the turn taken by the debate. I wish to tell the truth, the whole truth, as I see it, and to be corrected if I am wrong. The Militia Act of Canada, chapter 132 of the Revised Statutes of Canada, volume III, section 64, page 2789 contains the following provision respecting active service.

> The governor in council may place the militia, or any part thereof, on active service anywhere in Canada, and also beyond Canada, for the defence thereof, at any time when it appears advisable so to do by reason of emergency.

Now let us see what section 69 of the same act says, on page 2790:

The Army Act for the time being in force in Great Britain, the king's regulations, and all other laws applicable to His Majesty's troops in Canada and not inconsistent with this act or the regulations made hereunder, shall have force and effect as if they had been enacted by the parliament of Canada for the government of the militia.

I find nothing in the amendments brought to the Militia Act since 1927, that purports to repeal the sections that I have just quoted. True, there is chapter 21 of the Statutes of Canada for 1932-33, 23-24 George V, page 97, which was sanctioned on April 12, 1933. But this act refers only to forces of His Majesty from other parts of the British commonwealth or from a colony when visiting the Dominion of Canada. On the other hand, section 6 of the same act leaves wide discretion to the governor in council, particularly subsection 2, page 102, which reads as follows:

The governor in council

(i) may attach temporarily to a home force any member of another force to which this section applies who is placed at his disposal for the purpose by the service authorities of that part of the commonwealth to which the other force belongs;

(ii) subject to anything to the contrary in the conditions applicable to his service, may place any member of a home force at the disposal of the service authorities of another part of the commonwealth for the purpose of being attached temporarily by those authorities to a force to which this section applies belonging to that part of the commonwealth.

Then, section 8, page 103, provides as follows:

So far as regards any naval force and the members of any such force, the provisions of this act shall be deemed to be in addition to and not in derogation of such of the provisions of any act of the parliament of the United Kingdom or of the parliament of any other part of the commonwealth as are for the time being applicable to that force and the members thereof.

I shall close, Mr. Speaker, with another quotation from the Militia Act of Canada:

All the male inhabitants of Canada, of the age of eighteen years and upwards, and under sixty, not exempt or disqualified by law, and being British subjects, shall be liable to service in the militia: provided that the governor general may require all the male inhabitants of Canada, capable of bearing arms, to serve in the case of a levée en masse.

Be it understood, Mr. Chairman, that in making these quotations I am not moved by bitterness towards any one. I feel that, in speaking as I did, I am fulfilling the trust placed in me by my constituents on October 14, 1935. On nomination day, that is October 7, 1935, at a great meeting attended by more than 12,000 voters of both sexes, I was asked this question: "What will be your attitude in the matter of military appropriations?" I replied: "I will speak against them in the House of Commons and vote against them." Indeed, I stated this fact in the course of the observations that I made in this house last year. The profound convictions I hold in this matter, Mr. Chairman, make it impossible for me to change my attitude. This is my final word.

Mr. JOSEPH A. BRADETTE (Cochrane) (Translation): Mr. Chairman, before proceeding with what I have to say on this very important question, I wish to congratulate the hon. the Minister of National Defence (Mr. Mackenzie) for the splendid speech which he delivered a moment ago, when he set forth the whole situation before the House of Commons and the country so far as national defence is concerned. Of course, it required a great deal of courage on the part of the dominion government, last year, when he decided to carry on with the system of national defence which we had in this country, and which, on account of financial stress, during years of depression, had to be left more or less impaired. We very well remember the commotion brought about throughout the country by the announcement that the dominion government would spend for national defence purposes a sum of $36,034,371.42 during the fiscal year of 1937-38. Every member of this house remembers the discussions that took place about it. They also remember the controversy which was waged by newspapers of every political shade throughout the country. These press comments showed that the people realized that the government had displayed great courage under the circumstances, and appreciated the necessity of such a policy.

Once again the government is asking us to vote a considerable sum to carry out this national defence plan which was inaugurated last year.

Of course, there is not one citizen worthy of being called a Canadian, whether he come from the east, the west or the central part of Canada, who would dare say that he is not in favour of peace. However, Mr. Chairman, our people must, of necessity, be practical.

No doubt, Canada built great hopes on the League of Nations, which I am sure, has not yet completed the great task which it had mapped out, namely that of maintaining international peace in every part of the civilized world. We realize however the great difficulties which the League of Nations has to face. Again I say that I do not believe

there is one man in Canada, whatever may be his race, religion, or political faith, who does not seek peace not only in Canada but in the whole world. But we must realize how serious present conditions are. There is no doubt that Canada is ideally situated as regards national defence. If we look at the map, it is easy to see that in the north we have not to fear any unforeseen danger, even with the tremendous development of aviation during the last years. However, in the present troubled state of the world who could say that we would not have to fear a possible attack on our Pacific or Atlantic coasts?

We need only to look around us to see that the nations in which we placed all our hopes for peace have failed. That is why we must realize the seriousness of the situation. Just as the man who, leaving his home or retiring for the night, bolts the door, so we must prepare for anything that may happen. He does not anticipate anything, nor does he know anyone likely to seek revenge on him, but he takes precautions. The same might be said of towns and governments which have a police force, and also of a nation which wants to uphold as much as possible its system of national defence. I further believe that the great majority of our people who live in the various constituencies which we are representing are in favour of a plan of national defence, in order that the government may maintain peace.

Mr. Chairman, there are in my own constituency, just as there are likely in all parts of Canada, thousands of returned soldiers who took part in the great war of 1914-18. They risked their lives for what they consider to be the cause of humanity and peace. After the war, they returned to their activities, and they now have sons old enough to serve in the army. I know that they are just as anxious as anybody else not to see their sons enduring the sacrifices which they went through or witnessing the same horrors which were their lot for four years. Every veteran, whether of the South African war or the great war of 1914-18, is body and soul in favour of peace. There lies his ideal, as well as all that it implies.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. BRADETTE: Mr. Chairman, I have listened attentively to the masterly speech delivered this afternoon by the Minister of National Defence (Mr. Mackenzie). He stated that public opinion, in connection with defence, could be divided into five groups. We are sure of one thing at least, and it is that nobody in particular, no political party can boast of being alone against war. We all agree as to that, in Canada. That is why, recently and in certain circumstances, some members of parliament or certain parts of the population seem to assume the whole responsibility in avoiding war.

The Minister of National Defence briefly referred to the signification of nationalism and its possible results. The Larousse dictionary defines the word as follows:

> Marked preference for anything pertaining to one's nation.

Undoubtedly all persons forming a country must belong to it, not in a sectional or provincial sense, but in a strictly national sense with all that the word implies. That is one reason why there should be no opposition to the appropriations for national defence, because, after all, when establishing a home or a business, one must accept all the responsibilities of that new situation. When young and living under our father's roof we do not realize our responsibilities. By the Statute of Westminster, Canada became an individual nation in the British commonwealth of nations, which means new responsibilities, national as well as international. To be fair in the circumstances, the least we can do is to be prepared to defend ourselves.

Before six o'clock, Mr. Chairman, I briefly referred to our geographical and national position on the north American continent. Fortunately for us, our neighbour to the south is a friendly nation, on whose cooperation we may rely for a great number of years. We are separated by a 3,000 mile boundary line along which there is not a single fortress, and where peace prevails.

This afternoon, the Pan-American Federation was mentioned several times. That reminded us of the famous Monroe doctrine so often quoted by those who are opposed to any increase in our national defence appropriations. What is the meaning of these words: the Monroe doctrine? They mean that the United States told the nations of the world that any attempt to conquer countries in North or South America or to interfere with their administration, would be considered as unfriendly acts. Let us suppose that Canada should decide to abandon its national defence—as was suggested on a number of occasions in certain parts of Canada—the responsibility would then fall on the shoulders of the American nation. Would it be fair? Let us go a step further. Let us

imagine Canada being invaded by a foreign power without possessing any means of defence. Then, the American people, according to the Monroe doctrine, would be forced to protect us, because they would not want a foreign nation to secure a footing in Canada. Would not the Americans, who are a practical people, after defending us with success I suppose and after spending vast sums of money and sacrificing a great number of human lives, ask us to pay the cost if we had the desire of maintaining our national existence? It being so, we must realize that those who mention the Monroe doctrine are not on solid grounds when they say that we have no need to defend ourselves but that the responsibility belongs to the great nation to the south. We have to study this matter from all angles, Mr. Chairman. As I have already said, we are proud of our new status as part of the British commonwealth of nations. But that status does not go without responsibilities and one of them is surely to take the means of protecting our own borders and our coast line in case of attack.

Many people ask us: "Against whom are we arming?" We all know that Great Britain wants peace and is not looking for further conquests. Great Britain wants to maintain peace, not only in Europe but throughout the civilized world. Is France actually getting ready for a war of conquest? No, Mr. Chairman, France only wants to defend her frontiers and protect her homes, because she still remembers the two invasions she was subjected to during the last sixty years. The same may be said of the United States, where a billion dollars was voted for the navy only a few days ago. Against whom are the United States arming? Are they arming against Canada or against the nations of South America or Asia? No, Mr. Chairman, they are not arming for attack, they are arming for defence in case of attack. That is how I understand the situation and how it should be understood generally in Canada.

Mr. Chairman, I am not in a position to say, and I would not go so far as to claim that I am thoroughly familiar with the feelings of the people in Quebec. However, may I be allowed to quote a short article by Mr. Eugene L'Heureux, published in L'Action Catholique a year ago, when the estimates for national defence were under consideration in the house?

I think that this article sets forth quite correctly the general feeling of the majority of the people in the province of Quebec.

It is as follows:

For Canada Only

Actual conditions, however, must be taken into account. Lack of knowledge in matters of national defence organization deters us from passing judgment on the appropriations sought by the government for the organization of the country's defence. We think it possible to place confidence in the government on that score, all the more so as the Prime Minister has emphasized the purely Canadian destination of this military expenditure.

In such times as these, when danger threatens from all sides, even the most peace-loving nations feel the need of protection against the possible tragic outcome of domestic trouble as well as against colonial ambitions of the great powers. Under present conditions, Canada's armament budget may appear reasonable event in the eyes of the anti-militarists.

Approaching the question from the point of view of French Canadians, we think that instead of bemoaning these military expenditures (under present conditions), they should rather endeavour to occupy a prominent place in the country's armed forces, so as to partake fully of the nation's activities and to claim their full share even in the military domain, and also to find in military life the benefit of a certain discipline in which they are lacking, much to our general and oft expressed regret.

I consider this article quite logical and I know whereof I speak for the following reasons. I had the honour last spring to take part, in the province of Quebec, my native province, in a by-election campaign, during which I made it my duty to discuss in the Gaspé peninsula the national defence appropriations. I must say that the explanations I gave on that occasion were very closely followed by the electors who fully realized the soundness of voting these appropriations for the defence of their own country.

What are the other nations of the British commonwealth doing? This afternoon's newspapers tell us that Australia is to spend in the space of three years nearly 145 million dollars for its own defence. Has Australia any thought of aggression, either in India, in Japan or elsewhere? No, Australia wishes only to defend her own coasts, her own boundaries. The same principle applies to South America and New Zealand, and that is the principle which should be applied to the appropriations we are now asked to vote.

These appropriations include a fairly large expenditure for aviation. Necessity compels us to develop financially and commercially, in respect of machinery, of modern invention, and so forth.

I surely believe that a military air force if put to proper use, would aid the development of the natural resources in the northern section of the dominion. When, in Canada, one looks at a map of the country, one is astonished to see a narrow strip of settled land, stretching from east to west. It seems that there is a

certain desire to live as close as possible to the American border. If we want Canada to become a great nation, our expansion must necessarily be caried out in the northern part of the country, where a bountiful Providence endowed us with immense and untold resources still undeveloped. I am also of the opinion that a military aviation would provide an excellent agency for the development of the northern part of Canada in its entirety.

No one in these dark days is unmindful of the enormous burden meant by the conditions which we are now called upon to face. There is no one who, in his daily prayers does not ask for the maintenance of peace throughout the civilized world. In Europe, in Canada, in the United States and in the whole world, youth realizes the problem with which it is confronted at the present time. How one longs to see such noble dreams of peace come true, just as one wishes the establishment of the United States of Europe, such as was advocated by Aristide Briand, eminent French statesman. How I long, for my part, to see the people of South America, United States, Great Britain, Germany, Russia, Japan, in short, all the civilized nations of the world, formed into one great federation, constituting a solid group, a single nation, so that the world may never again know such tremendous sacrifice of human lives as was witnessed between 1914 and 1918, during the war which was supposed to end all wars. But twenty short years have elapsed since that awful conflagration, and yet the diplomats of Europe are once more wondering what the following day has in store, and are apprehensive as to the future.

Before concluding, I wish to thank the right hon. the Prime Minister (Mr. Mackenzie King) for the noble and national attitude he has taken. During that critical situation, he was successful in not embroiling matters, and brought home the seriousness of the problem, not only to parliament, but to the people of Canada. I feel also, that I should express my opinion concerning the position taken by the Prime Minister of Great Britain, Mr. Chamberlain, who showed us that one must keep a steady head in these momentous hours and whose desire is that the problem which the European nations are facing at the present time may find their solution in peace. I also wish to extend my congratulations to the right hon. leader of the opposition (Mr. Bennett). Indeed, it would mean a loss of faith in our civilization if the solution of these problems were to be secured only through the destruction of millions of young lives and by delaying the march of civilization. I pray to God that all men may work in cooperation towards the solution of these problems, so that the tremendous sacrifices of 1914-1918 may be spared, not only to our country, but to the whole world, and it is my sincere wish that they may not be witnessed again by the present generation, otherwise it would be, unquestionably, the dawn of a new era of decadence.

[Mr. Bradette.]

Mr. L. A. MUTCH (Winnipeg South): Mr. Chairman, I have no desire to attempt to compete with hon. members who have spoken respecting matters of national policy, in an attempt to evaluate the foreign policies of this country or of Great Britain, or of the circumstances obtaining in the world to-day. I have listened with great interest and, indeed, a marked measure of enthusiasm to the speech delivered this afternoon in this chamber by the Minister of National Defence (Mr. Mackenzie), when he set forth a report of the situation with respect to the technical and mechanical developments of the problem of defence in Canada.

For the little time I propose to take tonight it is my desire to speak about another phase of our problem. I should like to direct attention to the situation which obtains in Canada to-day with respect to the man whom I may call the man behind the gun—the man who is a member of the permanent force. It is not my intention, nor have I the ability, to launch into an oratorical description of the position in which these all too few men find themselves, nor shall I deal with the question in a manner calculated to arouse either the enthusiasm or the passion of this house on behalf of these men. Within the constituency which I have the honour to represent is located one of the larger military districts. During my short tenure of office I have taken it upon myself to study, in some measure at least, the conditions under which these men serve their country. These men have behind them the same traditions as are behind you and me, and many of them took up army life as a career at a time when it was more of a career than it is at present. I am ready to confess that many of our young men would have been glad of the opportunity during the last few unfortunate years to enter the service of this country and find even the kind of security obtainable under such circumstances.

In the brief time which I shall allow myself I intend to refer to four or five phases of the conditions under which these gentlemen serve their country, my country and your country. I shall make some representations to the minister, and through the minister to the government, for an improvement of the conditions under which these men serve.

Under date of March 10 of this year I read the following headline emanating from Great Britain:

Hore-Belisha's army estimates promise more attractive life for British soldier.
Less posture, polish, higher pay for Tommy.

I shall not deal to-night with either the posture or the polish as it concerns the enlisted man in Canada, but I want to point out that in the conditions obtaining in the world to-day the imperial government has seen fit to make a considerable effort to improve the lot of the enlisted man in the permanent forces of Great Britain. I think it is time that we should look at the picture that obtains in Canada and consider whether we cannot do something to attract to this service the type of young man who has a real contribution to make. I do not conceive it likely that in the immediate or near future we shall be maintaining in this country a military establishment on a large scale—I do not know that is even desirable—but in my opinion we should have a highly efficient military service. If we are to have that, then we must look to the condition of the enlisted man.

For my own convenience and the convenience of hon. members I propose to deal with some possible amendments to the Militia Act, without being technical in any way. I think in the minds of the men who serve us so loyally these amendments are considered to be advantageous, first of all for their own concern, second, for the government that employs them and, third, for all the Canadian citizens who support this establishment. For some period of time there has been considerable dissatisfaction with the exorbitant duty placed upon the importation of military kit from Great Britain. I appreciate the fact that this is not a matter which can be decided by the Minister of National Defence, but I have raised the question previously with other members of the administration. In putting forth this suggestion I am thinking more particularly of the men in the non-permanent force. My description of the non-permanent force is a force in which a man puts up his own money for the privilege of serving his country. Under these circumstances it seems to me that any representations by the Minister of National Defence to the council generally might well be listened to.

There is another condition obtaining in the permanent force to which I should like to direct attention. For the past forty years there has been a practice in the British army, upon which our Canadian permanent force is modelled, of making an allowance to a married man for his children. It is pretty well established, even in military life, that two cannot live as cheaply as one, since an allowance, I believe of fifty cents per day, is made to the married man who has no children. No ration allowance is made for the minor children of a soldier in the permanent forces, and I suggest to the minister that he consider the possibility of making some allowance in this connection. Allowances are made in Great Britain for children under the age of sixteen, and a suggestion has been made that in this country an allowance should be made for boys under the age of sixteen and girls under the age of eighteen years. In order to get this thing started I would be quite happy to have these allowances made under the same conditions as prevail in Great Britain.

There is another matter which I think the minister, and through him the government, might very well take into consideration. I believe that a portion of a pension due to a man who has served his time in the permanent militia should accrue to his widow when he predeceases her. At the present time a man serves a minimum of sixteen years, I believe, at the end of which time he may retire on pension. If he predeceases his wife, she receives no pension and in many instances becomes a charge upon the state. It seems to me that in trying to make the service attractive, we should consider doing something in this regard. When the spirit is upon us and we are prepared to do something about defence, we should enlarge this matter of pensions. The estate of the average enlisted man consists of his pay while in service and his pension after his service is completed, and I know of case after case where hardship has resulted. I shall not at this juncture recite individual cases as I believe that most hon. members who have had any connection with the permanent force will have personal knowledge of many cases of men who have retired on pension and then shortly after have passed away, and we have had the spectacle of the wife who has been the sustaining partner of her husband through a long period of service having to go on relief or being left to the charity of friends.

I had intended to develop that; but I pass on to another consideration, and this is one which particularly affects single men in the service. It is well known to hon. members that the enlisted man in the permanent force, whether he comes from Halifax or Vancouver or Winnipeg or Montreal, must serve in the military district to which he is sent; he has no choice in the matter. From time to time these men earn a certain furlough, and a peculiar situation obtains in that regard. If a man who is to-day a member of or who has retired on pension from the permanent

force of Canada goes to Great Britain, he is afforded the courtesy of half fare on the railways of the motherland, just as that half fare is accorded to members of the permanent force of Great Britain itself. But the only men enlisted in the service of Canada who, I am informed, enjoy a similar privilege on Canadian railways, are the ratings in the naval service, and for a long time this has been a sore point with enlisted men in this country. I have in mind a couple of chaps who enlisted in the permanent force of Canada in the city of Halifax and were subsequently transferred to the city of Winnipeg. After an honourable and somewhat extended service they earned a furlough, and their natural desire was to return to their homes in the city of Halifax. What do we find? We find that there is at the present time no provision in the Militia Act to accord these chaps the consideration they would be accorded if they were members of the British force or if they were naval ratings or for any reason wished to take their furlough in the British Isles. I would commend to the consideration of the minister and the government the placing of our own Canadian enlisted men in at least as advantageous a position in Canada in this respect as when they go overseas as guests of the mother country.

Turning to the subject of living and working conditions, I was gratified to hear the minister speak to-day of the advancement in technical and mechanical devices in the defence forces of this country. I have had the experience of seeing service in a theatre of war, and I came away from that with a definite impression that the most important military detail in any army is the man who is described, as I said a few moments ago, as the man behind the gun. It may be the man behind the gun or in an aeroplane or in a unit of the military forces that serve at the front. It is the hope of this government and of all governments that our permanent force shall be the nucleus of whatever forces, defensive or otherwise, it may be necessary in the future to raise; that it shall be an inspiration and educative force for whatever forces it may be necessary to mobilize.

Certain conditions obtaining to-day in Canada with respect to the living and service conditions of these men do not commend themselves to me and will not, I think, commend themselves to hon. members who have knowledge of what is taking place. About three years ago I had occasion to look into the circumstances surrounding the living conditions of married men on the strength but not on the married men's establishment; that is to say, men who had married without official permission. Those with any military experience know the vast difference between official permission and just plain ordinary permission. In the one case you have the support of the law in all its majesty; but in the other the law forgets its majesty, and says: If you get married, we will look the other way. To the enlisted man there is not anything like the same difference as there is to the official mind. Consequent upon representations being made, a serious attempt was made by the minister, and, I am bound to say, by the deputy minister, as well as, I hope, by certain officials of the department, to remedy the situation, which is far from satisfactory. I found and others have found that men who had served six, nine or twelve years satisfactorily but who had married without permission were not being reenlisted, but on the contrary were being thrown on the unemployed market without any consideration. I made certain representations to the minister, as did others, and some definite steps were taken to remedy the situation, but I am sorry to say they have not worked out as advantageously as we had hoped. I am of the opinion that further investigation of this matter might result in advantage both to the department and to the men who are most interested.

There are certain other considerations. Dealing with these men who have married without official permission and reverting to Winnipeg, part of which I represent, and in which constituency the headquarters of military district No. 10 is situated, I found on investigation that with respect to every building under the Department of National Defence in that city occupied by soldiers or by officials or officers of the department, a special additional allowance of twenty per cent was made for heating because of the building being located in the city of Winnipeg. This fuel allowance, I am told, does not apply to members of the forces who for any reason whatsoever maintain their residence outside the official barracks, and I would suggest to the minister that he seriously canvass the possibility of relieving the plight of these men. In some instances the men are entitled to be on the married strength but are unable to get suitable quarters, and they are forced to buy their own furniture and to go to considerable extra expense by living outside the barracks.

Finally, I should like to say a word or two about the question of married men not on the married strength, and by that I mean those who married without the official sanction of the department. I have investigated not merely one or two or three, but many of these

cases. I have gone to the trouble to request from the department—and in every instance my request has been courteously granted—the military record, length of service, and kind of qualifications which these men possess. I have also gone not once but many times to the barracks and inspected the quarters in some detail, and I know the situation which obtains there. I wonder if, in view of the stress which we are now inclined to place upon the question of defence, and in view of the clearly established importance of the men who constitute the first line of our defence, the minister might not consider now, at this session, the possibility of making some allowance and recognizing to some extent these marriages without official consent. I wonder if the minister has considered making an allowance of, say sixty per cent of the marriage allowance to these married men outside barracks until such time as they can come properly on the married strength, because on this question I feel that the department is or has been to no small degree responsible for a condition which obtains very largely in my own constituency.

For a number of years we have followed the practice of enlisting men in the permanent force and putting them in barracks in the very districts from which they come; and I suggest that it has been the tendency in the last seven or eight lean years to consider enlistment in the permanent force of Canada not so much in the light of a career as in the light of a job. When you take a young man of eighteen or nineteen, enlist him in the service and keep him in the district in which he was born, raised and educated, and so make no effort to change his environment, are you astonished that many of these young men come to regard the service as a job and their pay as wages just as much as though they were working for a private company, or that they begin to think before long of the possibility of maintaining a home of their own on that income, take a chance with a good-natured officer or one who conveniently looks the other way—as they all do—and so begin on that basis to build up something which they can ill afford to maintain? Perhaps, if we had used a little more foresight—and this consideration goes back further than three or four years—if we had trained at Halifax those who enlisted at Winnipeg, and at Vancouver those who enlisted at Halifax, and thereby completely broken the whole tenor and trend of their associations and their existence and brought them to think of the service as a career, this situation would not have arisen.

It was on these points particularly that I wished to present views which are not only my own but are shared by a great many who have interested themselves in the welfare of these men. On their behalf, and in the interests of the kind of service in Canada for which I hope, I recommend to the minister and to the government consideration of these particular points.

M. J. A. CRETE (St. Maurice-Laflèche) (Translation): Mr. Chairman, when the question of Canadian rearmament came up last year, involving perhaps the most important change in policy of these last few years, I objected with some of my colleagues on this side of the house to increased military estimates. I did at the time give a few reasons why I could not support that new departure which, in my opinion, was ill-timed and dangerous.

This year, the military estimates which have been brought down are practically as large as those of last year. Having regard to various opinions expressed in the course of the debate which took place last year, having regard also to subsequent international as well as national events, I intend to deal briefly with this policy of increased expenditure for the purpose of military reorganization.

I do not think I need state again that, in dealing with that question, I intend to dismiss every personal consideration, and to be guided only by an eager desire to deal with this question on its merits. In order to clear up any misapprehension in the matter I must state that I have no grievance against the government; on the contrary, I am on the most friendly terms with my leaders. Although I approve of Liberal policies and although I have a high regard, as I think I should, for views and opinions held by the administration, I shall take the liberty, on this matter of rearmament, of discussing frankly and honestly two basic features of Canadian defence; the military estimates and the delimitation of our boundaries.

I maintained in 1937 that neither our geographical position, our political situation, nor our financial circumstances warranted the increased estimates of the Minister of National Defence (Mr. Mackenzie). After this period of one year, let us ascertain whether anything has occurred which might in any way alter the problem.

I am aware of no changes in our geographical position which offers us an exceptional degree of protection on all sides. On the east, we are separated from Europe by the Atlantic ocean; on the west there is, by virtue of the Pacific ocean, such a tremen-

dous distance between our coast and the Far East that no aggressor would attempt to invade British Columbia without giving it a second thought. On the south, we have the United States against whom we could not even think of defending ourselves, in case of war. Having them as friends and associates, any invasion of Canada is rendered impossible because one can hardly imagine that they would allow any European or Asiatic power to establish themselves close to their northern border where they have so many vital interests.

In that respect, some people think that the guarantee of security presented by the Monroe doctrine would not be as effective as in former days. Yet the foreign policy of the United States has undergone no fundamental change, as is well evidenced by their absence from the League of Nations, by the Pan-American conference at Buenos Aires and their non-participation in the Sino-Japanese conflict. And moreover our relations with our neighbours during the last year have been characterized by a friendliness which is more and more apparent. Representatives of both countries have paid goodwill visits to one another and an increasingly cordial atmosphere surrounds the official relations of the two nations. I am pleased to call the attention of the House to that fact.

In support of what I have just said, let me quote as follows from a speech delivered by Lord Marley of England, the Speaker of the House of Lords, at Plymouth, January 30 last:

> The United States, should the need arise, would protect Canada against a Japanese invasion by way of the Pacific coast.
>
> There is little danger of a Japanese invasion of Canada, he added. The United States are so anxious to prevent the Japanese from establishing themselves in Canada that their naval base at Seattle would defend the Canadian coast.

When those facts are admitted, Mr. Chairman, we meet with the answer that there is no question of sentiment in the matter and that, without a defence system of our own, an American intervention might have serious results for Canada. I quite agree that there is no question of sentiment in the matter, but is it not a question of personal interest for the United States? Therefore I cannot very well see how we should have any obligation to Uncle Sam for having defended his own interests, his own business, while defending us.

Has the political situation changed in Canada, during the last year? Our relations with all the nations of the world are still on an excellent footing. We have no difficulties of an international character. We do not know of a single country which might have reasons to hate us or to seek revenge against us. The question has already been asked: "Against whom are we arming?" Let us look at the world and see who might be our possible enemies. Could we fear an attack from the United States? I have explained a moment ago that that possibility does not exist. Could we fear an attack from Europe? It could only come from a great power: Great Britain, France, Germany, Italy or Russia. What of Great Britain? Everyone knows, and our imperialists most of all, that she does not have to reconquer us. France will not try to get colonies from us, and, anyway, she cannot leave her borders in face of Germany which she still considers threatening. Germany herself is determined to concentrate on Europe. Has not her dictator stated in "Mein Kampf" that "the expansion of European nations will progress normally within the limits of Europe and not beyond the seas"? As for Italy, the development of Ethiopia will be a sufficient task for many decades. And Russia, hemmed in as we know between Germany and Japan, has on the ancient continent a sufficient field for her military operations.

As to the clash of the fascist and communist ideas which have brought foreign intervention into Spain and China, is it really possible to believe in the existence of a danger so great as to make us imagine that aeroplanes and cruisers should take the place of a well organized police force?

What about the Far East? Simple common sense tells us that there is nothing to fear militarily from General Chiang Kai-Chek. As for Japan, the evolution of her foreign policy assures us that the limit of her expansion can be only China and not Canada. Many causes explain her present invasion of China: her economic needs, her fear of communism, the Russian air base at Vladivostok which, threatening her from the north, allowed her to expand only towards the south. In addition, all the rights and preferences which the Treaty of Versailles had given to her in the Chinese market, the nine-power conference deprived her of, thus relegating her to the rank of a secondary power. In the meantime Japan remained faithful to the League of Nations and tried hard to improve her commerce, but China's domestic disorders inevitably brought about the military adventures of 1932 and 1937. These conflicts between rival oriental countries have nothing to do with a friendly Canada situated on the other side of the Pacific ocean and not on the shores of the narrow Yellow sea.

There is no doubt that our financial position has somewhat improved. Last year's deficit amounted to exactly $35,000,000. This year's will be lower, but in spite of commendable efforts our budget will hardly be balanced. It could be, were it not for our military expenditure. The dual program of unemployment and public relief remains to be solved. The precarious prosperity of which we have hardly begun to reap the benefit is threatened from many sources. A new economic depression is feared in the United States; should it occur, its reactions would certainly be felt in Canada. Can Canada therefore afford so heavy an expenditure for so problematic a military defence?

There is this improvement over last year, Mr. Chairman, it is intended to reinforce a little more the defence of our Pacific coast where, by a remote chance, the attack might fall. I do not contest the principle of national defence, but the manner of ensuring it. If to protect our home we should surround it with fences, place locks on the doors and take measures to keep it from being broken into, does it follow that we should provide ourselves with arms capable of tracking down the aggressor as far as the next village?

Following the political considerations I have dwelt upon and because of the fact that the question has been emphasized in the press and in public speeches, should we not ask ourselves, before speaking of Canadian territory, what is to be understood by "Canadian territory" and our lines of defence. So long as this question is not settled and determined by official acts, can Canadians be blamed for not accepting immediately a plan of national defence which, in the absence of this information, may have the appearance of a political adventure? Since we have been told and are being told again that this military appropriation is intended solely for the defence of the Canadian territory, is it not highly important to have an exact definition of Canadian territory?

We all learned at college that the Canadian territory is that vast country of the North American continent bounded on the south by the 45th degree of latitude, on the west by the Pacific, on the east by the Atlantic and on the north by the polar regions and Alaska. Anyone can understand my meaning by following on the map the indications that I have just given. Therefore, when I speak of Canada's first line of defence, it is within or in the vicinity of these limits that I place it. Contrary to these data of elementary geography, some have held that the matter is one of higher policy. It amounts to saying that Canada, instead of being situated in Canada, may be situated elsewhere, according to certain political necessities. Even the Militia Act, R.S. 1927, does not specify the limits of the area to be defended. The hon. member for Laval-Two Mountains (Mr. Lacombe) quoted, this afternoon, section 64, and to complete my own argument I shall read it:

> The governor in council may place the militia or any part thereof on active service anywhere in Canada, and also beyond Canada, for the defence thereof, at any time when it appears advisable so to do by reason of emergency.

So it behooves the governor in council to locate our first line of defence, and if certain people were in power, we do not know whether they would not locate it thousands of miles away from Canada. They did it during the great war, and was not the same view aired in the senate last year? Therefore, the question is not without interest. Before voting millions for the defence of Canada, is not the house entitled to know where this defence problem leads to and what it involves? The hon. member for Beauharnois-Laprairie (Mr. Raymond) put this very question last year, but it will be remembered that the answer was far from being precise. Last spring, 14,000 students from all over Canada asked the government to incorporate some more definite provisions in the Militia Act. Failing these provisions we are still faced with this serious dilemma: Are we arming for the defence of the empire or for the defence of Canada? Not that I wish to stress that point, but, as a Canadian, I do not want Canada to renew the error it made in 1914. I readily believe, as the right hon. prime minister said, that Canada did not make any commitment at the last imperial conference as regards a plan of imperial defence. But even if no commitment were made, nevertheless there is a growing pressure to that end and its persistence is food for thought.

The minister of National Defence (Mr. Mackenzie) stated himself in Toronto, last December, that Canada ought not to leave Great Britain all alone to arm in defence of peace. Defending peace by building and equipping warships? Defending peace by building offensive aircraft, and providing them with bombs and grenades? Defending peace by training men in the handling of guns and tanks? Then "to help England to defend peace" would mean to "help England to win the war," would it not?

They have also stressed our duty toward democracy.

It will be remembered that twenty years ago we were asked to defend civilization rather than democracy and parliamentary institutions. What will it be to-morrow?

Imperialistic propaganda is active. We even hear Canadians like Mr. John Bassett, president of the Gazette Publishing Company, ask us to place the Empire before Canada. That shows the need of a clear, permanent and reassuring definition of our defence obligations if we are to embark in an armament program for the defence of Canada.

Mr. Chairman, looking at the armament question from the Canadian point of view must not be construed as disloyalty to the United Kingdom or to the Empire. We are justified in so doing because we have at heart the true interests of Canada, which are to be found here and nowhere else.

The question of autonomy is also involved. Canada has gained her autonomy, or what we call by that name, after lengthy struggles on the part of Canadian statesmen of both parties. In these difficult times, it is more important than ever that we should not retrograde, we must not lose ground. Opinions are divided on this subject and some people are so blind to Canadian autonomy that they would not speak otherwise if they still had colonial status. While repeating that Canada is a free and sovereign country, they want us to place our sovereignty and our liberty at the service of the Empire, in other words to enslave our liberty.

Prior to last year, Canada had maintained a prudent peaceful policy. Not content with vague humanitarian principles, she had shown the way in the betterment of international relations. I proudly support that policy. If I opposed an increase in military expenditures last year, it is because I was sorry to see our country join in the armament race. Are we not committing ourselves further in 1938? Could not that armament policy be interpreted as the forsaking by Canada of the wish for peace that we have been proclaiming for so many years? Would that not lead nervous, restless and suspicious nations to believe that we are following in the wake of some large powers towards a policy of armed peace? Who can fail to see where that might lead us?

I am all the more frightened by the fact that our military boundaries are not yet defined. So long as they are not defined and so long as the other inconsistencies I have mentioned are not cleared up, I think I express the wish of the majority of my electors, in reserving my approval for such items of the military estimates which I think reasonable.

[Mr. Crête.]

Miss AGNES C. MACPHAIL (Grey-Bruce): Mr. Chairman, I do not intend to speak at any length, but I feel there are one or two things I should like to say to-night. I think it would have been easier for most if the statement by the minister had been made on one day and the debate proceeded with on some subsequent day. It was a lengthy address, and it did not seem to me clear. At one time the minister said we were preparing for the defence of Canada, and the defence of Canada only. At another moment we were hearing about the protection of Canada by the British fleet in the North sea. At another time we heard of the need which might arise for all democracies banding together once again to save democracy. It may be that in reading the speech it will be easier to understand the position of the minister than it was in listening to him. At any rate, after hearing it, and then listening to most of the speeches which followed, in a language which I am very sorry I do not understand, I find myself left entirely on my own resources, which possibly is the best place of all to be left. If we must fight another war to save democracy, we can be pretty sure that it will be the end of democracy. The one we fought to save democracy about half finished it, and another would be the end.

What we all feel, of course—and I do not feel it any more than other hon. members—is that it seems uncivilized to be able to find $36,000,000 or whatever it is we spend for defence, when, according to an authority on the schools in Saskatchewan, in that province we have thirty-five rural schools closed because money cannot be found with which to keep them open. Yet we can find money to protect us from an enemy who was not named, although when the minister finished his speech I felt that the enemy would be here about next week. We can find money for defence; but we cannot find it to keep open the thirty-five schools in Saskatchewan, or for providing some sort of reasonable standard of living for almost, if not quite, a million people in Canada who are still on relief. When the minister waxed eloquent—and he was very eloquent, particularly at the end of his speech, about defending our homes—I was wondering just how eager the people who have been on relief for so long would be about defending their homes. I can understand that they would be eager to get into the army, but whether it would be in order to defend their homes or in order to obtain the assurance of something to eat and something for their families is another matter.

One cannot help being extremely sad that we seem, not in Canada so much as throughout the world, to be turning backward instead of progressing and going forward to a civilization in which things of the mind and the spirit count, and that in the very day when we are being freed from the necessity of arduous labour, when we could use the leisure thus created for the development of the art of living. The whole world apparently is providing itself with instruments of destruction, and again all in the name of peace. We are all arming in order that we may have peace. Never again shall I be fooled by that one. It may be true that we must arm; it may be true that we are all arming, but not to bring peace, because the more we arm the more likely it is that the days of peace are numbered and that before too long we shall have an opportunity of using the instruments of destruction which now so many nations are furiously building and gathering together.

Too, I cannot help feeling—and I am now thinking in the terms of democracies, from a Canadian point of view—that if we were as anxious for peace as the eloquent speeches on defence would have us think, we would have stopped sending to those countries that we believe would turn them into munitions, the material for the making of munitions. That is true of Canada, and true in a larger way of the British Commonwealth of Nations and the other great powers. I cannot understand a nation attempting to protect itself against the onslaught of another nation, and at the same time supplying it with the instruments of destruction which will be used against it. It simply does not make sense. When a few years ago these various nations seemed about to crack up, from a financial and economic point of view, the great powers came to their assistance and put them on their feet again, thus strengthening their enemies. We should have started sooner in the cause of peace and in a different way. It is important, at any rate to me, to see that none of the bullets which might come back in the bodies of the nationals of any country are made out of materials from our own land. Surely that is only a reasonable request, that we do nothing to arm an enemy, either by munitions or by loans. I cannot help thinking that if the great powers had been serious in this matter of peace, starting even twenty years ago or ten years ago, we could have avoided much of the difficulty which now threatens the whole world.

There is one other approach to peace which some time all nations will have to take. That is the approach which they will make in their own countries, by financial or economic changes in each country which will remedy the difficulties within the nation and do something to lessen the suffering from poverty, in this day when we all know poverty should not exist.

I notice that the minister outlined the many schools of thought there are in this country, and, I think, very well, indeed. Personally I have changed from one to the other. I once thought that collectively we could act together, and in time could prevent the difficulty which now seems to threaten the world. I still think it could have been done. Now I feel—I am speaking more from instinct than anything else—more and more North American in my point of view, because less and less I trust the great powers in their diplomacy, in their understandings and in their secret undertakings. I fear Canada being drawn into a world conflict which is none of our doing.

In my opinion our British connection is our gravest danger. It is our gravest danger because we all—I am not an exception—worry about what would happen in London, what would happen in Glasgow or what would happen in all the other cities or counties which, because of our families, have come to mean a great deal to us. Yet I wonder whether, if we all—and there are only eleven millions of us, if there are that many; we could not say that there are twelve millions and not be exaggerating—went over and died for Europe, it would make the slightest difference.

There is a possibility, in spite of any assurance the minister may have made in the house, that when trouble breaks out in Europe, membership in a commonwealth, the heart of which although not exactly on the continent of Europe is uncomfortably near to it, will, because of public sentiment, carry us into a conflict which, after all, has very little to do with North America—and I hope I can say the Americas.

So from that point of view I am becoming more and more north American in my outlook. It may be an escapist idea; that may be the reason I have worked it out, I do not know. I just know that increasingly I am thinking in terms of north America, and am determined that from my point of view we shall do what we can to save North America, because I am not sure that, with such a small population, we can do anything to save Europe. If she is determined to bring about her own destruction, that is not our business. Our business is to do what we can on the North American continent. If,

then, we are going to stress that fact, and if our national policy is going to be directed toward keeping out of European difficulties, and toward the protection of North America, I feel that more and more there should be understanding between the United States and Canada, because we share the Atlantic and Pacific coastlines. We are on the same continent; we think in the same continental terms, and, much as imperialists may deny it, Canada is becoming increasingly North American in her point of view. The young people growing up to-day are more and more aware that they are North Americans, and that the destiny of the Americas, or North America, is the thing which affects them most.

I do not say it will be impossible, but it will be more difficult than it was last time to inflame the youth of Canada to go again to fight in Europe. I think it can be done. With the radio, the press, an eloquent minister, and all the agencies which can be used when required, I think it can be done—and particularly when young men and women have little in life to interest them, when they have no economic security and when they have little chance of developing their capabilities. Here is a chance for adventure, even though it may mean death at the end. I think they can again be induced to leave our shores. I do not—and I am not speaking disrespectfully to the minister—believe that we can build up an efficient, mobile unit in Canada, and keep it in Canada, in the event of an outbreak of war in Europe. I am positive there is enough exchanging of staffs between Great Britain and Canada; I am positive there is enough imperialist sentiment in Canada to send our mobile force, or that part of it which can leave our shores, overseas; and that again, if war breaks out, it will be fought by us not here, but there.

I do not know that one can say more. I do not know whether one ought to strive to have the estimate cut down. I do not think we can defend our shores if this enemy which may come from either the west or the east is in dead earnest about it and has made up his mind to come in here. I cannot imagine a country the extent of Canada, with the small population we have, being defended by an expenditure of the estimate before the committee to-night. So that from the point of view of defence of the North American continent I think a great deal of it is wasted money. Frankly, I say to the minister I would rather open the schools in Saskatchewan. If we are going to do a lot towards killing everybody off, then let us do the best we can for them up to the last minute.

[Miss Macphail.]

There may be something to be said for coastal defence. But I say just the same thing again—I cannot think of any other way to say it: If there were a great onslaught on either the west or the east coast, any defence we have would not count at all. In such a case we would have to depend upon someone else.

I do not think we are going to have an enemy invade Canada; I may be wrong, but I do not think so. I do not think they are even going to try to.

Mr. MACKENZIE (Vancouver): I hope not.

Miss MACPHAIL: I do not think there is any grave danger. But if they do, we would simply have to rely upon someone else. It might be the British fleet upon which we would have to rely—but I have a very peculiar idea about that. I do not think the British fleet would be in our waters in such an event. They would be in other places where need for the fleet existed. I do not think they would be coming here. So do not depend upon that. I believe if there was an attack on Canada, the United States—and I dare say that is what the minister was referring to when he talked about "friendly fleets"—is the one place we could look to for assistance which would be given rapidly, not so much for our sake as for their own, because we happen to be their northern boundary. And so they would come, if they thought there was any grave danger to us.

I believe the discussion on the estimates will continue for another day or so; at least they will not be concluded to-night. After I have read what the minister said—and after all, he read some of it—and have had an opportunity to read the translations of other speeches, I shall have a better idea of what people are thinking. But I have not changed my mind on what war is; it is just the same as before. There is no difference. The total disregard for human life, which we have suffered in Canada and which has been suffered all over the world since the last war, is the price we are still paying for the war we fought. If we have to face a further disregard for human life, it will be just that much worse. We shall not be any more successful after the next war. The concluding treaty will be no better than the treaty of Versailles. Like breeds like, and if we go on using the same methods of preparing for peace by getting ready for war, we shall get ready for war and get war—but not peace.

Mr. L. D. TREMBLAY (Dorchester) (Translation): Mr. Chairman, before I submit the few remarks which I feel compelled to make to the house, may I be allowed to extend my sincere congratulations to the hon. Minister of National Defence (Mr. Mackenzie)? I have listened very carefully to his splendid speech this afternoon,—as I always like to hear all his speeches in this house—and I was glad to hear the minister on the question of defence for Canada.

Last year, we took in the house the very position which the minister himself stated this afternoon. We were willing to vote for the estimates of the department of National Defence, but we also stated definitely our position which I would summarize in these few words taken from my own speech of February 18th of last year:

> It is true that I am not an imperialist or a jingo, and I will say bluntly that I am entirely opposed to Canada's participation in extra-territorial wars. But I want my country to be protected from any invasion, no matter where it comes from—

And I voted against the motion then before the house. This afternoon, I was glad to hear the very interesting speech of my hon. friend from Beauharnois-Laprairie (Mr. Raymond), and I congratulate him. Everyone admits that the hon. member is serious-minded, everyone knows that he is anxious to vote not only according to his conscience, but also wisely, and since I am in this house I have always seen him live up to this. Events of the year show that the position we took last year was sound, and this year the hon. member endorses the policy of the present government. As we were not experts in matters of war or national defence, we had to rely on those who deserve our confidence, and personally, I deemed it was my duty to do so. Events of the past year show that we were justified in approving the government and that we had correctly interpreted the intentions of the present government. The hon. member for Beauharnois-Laprairie said this afternoon that several statements were made since last year by members of the government. May I be allowed to quote one made by the right hon. Minister of Justice (Mr. Lapointe), in Lotbinière, as published in a Moncton paper? This is what the minister said:

> Recent events in the Sino-Japanese war, such as the bombing and sinking of the United States gunboat Panay, bring home to us the daily danger of an international conflict and emphasize the necessity of adequate protection for our shores.
>
> With the present development of aerial combat, the Pacific and Atlantic coasts of Canada are in danger of attack in the event of either England or the United States becoming involved in war. It is all very well to say that England and the United States will protect us, but we must have something with which to protect ourselves until they arrive.

The article is entitled "Lapointe's sane words."

For the sake of comparison, the Minister of Justice also took the city of Westmount, which, although it has a fire brigade of its own, nevertheless relies upon the whole Montreal fire brigade in the event of a conflagration. The hon. Minister of Public Works (Mr. Cardin), and other hon. ministers during by-elections, have had occasion to set forth quite clearly the present government's position as regards rearmament. Personally, only a few weeks after the estimates of National Defence were passed last year, I took part in the Bonaventure by-election. Later, for three weeks, it was my good fortune to join in the campaign carried on by the present member for Lotbinière (Mr. Francœur), then government candidate in that constituency. Irrespective of any statements made in this regard, the question of national defence and armaments was discussed in Lotbinière and in Bonaventure counties, as well as in the other counties—the question of armaments was for ever dinned into our ears wherever by-elections were held. During those campaigns, an attempt was made to have the electors of the province of Quebec believe that the government was prepared to enlist citizens of Canada to carry on hazardous enterprises abroad, which is positively untrue.

The people of Quebec province, especially those who urged us last year by their representations to oppose armaments, gave the reasons which, in their estimation, should justify us in voting against them. The main reason offered was this: Canada's participation in another war would increase the burden of taxation, overwhelming as it is already, and would lead the country into financial disaster, if not into absolute bankruptcy.

Another resolution was practically to the same effect. All of these representations did not so much oppose any increase of particular estimates as the possibility of the government joining perhaps in a race for armaments in preparation for a war outside of our territory.

We have heard these objections voiced by some of our friends here this afternoon, much to my regret. As far I am concerned, I stated last year that I felt the government could be trusted and I say it again. People outside politics, without any party affiliation, particularly with the Liberal party—and I will quote testimony to substantiate this—state in this

connection that the government is perfectly justified in asking for increased estimates for national defence.

With your kind permission, I will quote from an article in L'Action Catholique, by Mr. Eugène L'Heureux, which appeared in February, 1937, and which reads as follows:

For Canada Only

Actual conditions, however, must be taken into account.

Our lack of knowledge in matters of national defence organization deters us from passing judgment on the amount of the appropriations sought by the government for the organization of the country's defence. We think it possible to place confidence in the government on that score, all the more so as the Prime Minister has emphasized the purely Canadian destination of this military expenditure.

These people, who are in no way bound to the Liberal party, find it possible to place confidence in the government on that score and add:

The Prime Minister has himself emphasized the purely Canadian destination of this military expenditure.

This afternoon the hon. member for Beauharnois-Laprairie (Mr. Raymond) mentioned on several occasions the circumstances in which the right hon. the Prime Minister had publicly testified to his Canadianism for the greatest happiness of the country.

When people like that, in whom we have confidence and whose whole past is a guarantee that they will always place our country's interests before anything else, tell us that we should organize Canada's defence and that they have no other end in view, we should have confidence in them and support them as they were supported at the by-elections which have clearly expressed approval of the policy of the government on national defence.

Not being a great strategist and not wishing to give myself out as one before the house, I cannot say whether our defence will cost 20, 40 or 50 million dollars. Neither am I ready to state, with all the equanimity shown by some of our friends, that Canada is in no danger of invasion and does not need to be protected. I am not disposed to take this attitude and, this year again, I intend to support the government and the ministers who have repeated, one after the other, that the appropriation asked for is solely for the protection of our homes against all possible danger from outside the country or against internal trouble.

Last year there was some discussion of dangers from inside the country. On March 30, 1937, speaking on the question of industrial disputes, repressive laws and communism, the right hon. the Minister of Justice (Mr. Lapointe) said:

[Mr. Tremblay.]

This session we have taken means to increase another force we have available to maintain internal order in case of emergency, as well as to defend our coasts. I do not know whether it will astonish the house and the hon. member who has just spoken if I tell them that these increases in the estimates have been bitterly criticized by communists and those associated with communism in this country. I hold in my hand a circular which has been sent throughout Canada. One side is in English, the other side in French. It is the work of the association controlled by the communist party in Toronto, and is directed against those estimates.

It is strange—

said the minister of justice:

—that these people should be so strongly opposed to the provision I have mentioned.

Is it not your opinion? Here is an organization which is considered as extremely dangerous and undesirable, especially in the province of Quebec, an organization which we have the duty to fight and to annihilate in our country. When the government expresses the desire to provide the means of maintaining order in Canada, those who are opposed to communism are in league with the communists, unknowingly of course. But they cannot prevent a situation where the communists are associated with them when fighting against the organization for national defence and the maintenance of order in our country, a fact of great significance.

I will leave it at that. I just wanted to tell the government that, for my part, I am convinced that, in the circumstances, it is the duty of the government of the day to maintain in Canada, not a disproportionate army, but an adequate army for our needs. Such is the sentiment in my constituency and, I believe, in the province of Quebec.

I would have liked to quote the figures communicated to me last year by the deputy Minister of National Defence concerning our permanent force, but I do not have them here. However, it is a fact that the Canadian army, and more particularly the permanent force, is in need of reorganization and modernization. The government does not ask for anything beyond that. We have the assurance that the government of the day is not in favour of our participation in foreign wars. It is our duty to support them, to assure them that we appreciate their policy, and to tell them that, while voting increased appropriations for national defence we are irrevocably opposed to Canadian participation in any foreign conflict.

Mr. ARTHUR G. SLAGHT (Parry Sound): Mr. Chairman, in addressing the committee on this important subject I desire first to ally myself with the observations of the hon. member for Broadview (Mr. Church) in the

tribute that he paid to our Minister of National Defence (Mr. Mackenzie). Whether or not hon. members agree with the precise estimates which have been brought down, I think there can be but one opinion as to the fact that we in Canada to-day are singularly fortunate in having as our Minister of National Defence a man of the calibre of the gentleman who at present holds that important portfolio. He came to us from a race outstanding in British history, outstanding in the sacrifices that Scotland has made on the battlefields of the world; and those who believe in strict economy in measures of defence will have the added satisfaction that Scotchmen as a rule are not profligate with their dollars or the dollars entrusted to them to expend. So from the standpoint of the record of a race noted for its courage and its loyalty to the empire, and noted also for its economy where economy is desirable, we are indeed fortunate at this time in our nation's history in having at the helm of the national defence department the gentleman who occupies that position.

I support fully the estimates which he has submitted, and I propose to go a little farther than any hon. members who have so far addressed the committee, by making this rather humble suggestion that, in supplementary estimates perhaps, or in some other appropriate form, if not at this session then certainly at the next, a much more liberal expenditure be made by Canada in one of the branches of our defence services, namely in the service that comes under the heading of air force. Last year we expended some $10,000,000, and this year the estimates contemplate an expenditure of some $11,000,000 on this service. We have been given the details of the machines, the man power and the equipment of our present air service in Canada.

I was greatly impressed by some of the sentiments expressed by the hon. member for Grey-Bruce (Miss Macphail) in the thoughtful contribution she made to this debate; they were sentiments which, in the main, inspire practically every hon. member. But may I suggest that, exercising the privilege which her sex have enjoyed for the last hundred years, she has changed her mind, in one respect; may I also suggest that, noble as those sentiments are, they failed to touch the exact point which is involved in the discussion of these estimates, and this I say with the greatest respect.

I desire to remind the committee, by citing a few figures, of what is the present armed state of the world. I believe that these figures are authentic, so far as it is possible to be accurate in matters of this kind; they include not only standing armies ready for battle but reserves in the various countries referred to. Russia, with an enormous population, has an army of the type I have indicated of 15,000,000 men; France, an army of 6,000,000 men; Germany, with a population of 74,000,00, 2,900,000 men; Italy, with a population of 42,000,000, 2,450,000; Czechoslovakia, of which we have heard so much in recent days, approximately 1,250,000 men; Great Britain, 450,000 men. If I am correct, as I believe I am, our force in Canada consists of a permanent force of 4,000 men, and a paper force—and when I say that I shall be understood as meaning battalions which go to camp for perhaps two weeks in the year—

Mr. LAPOINTE (Quebec East): Not every year.

Mr. SLAGHT: And not every year, as my right hon. friend was kind enough to remind me—a force, I say, including reserves, of 75,000 men, and with a training force of 45,000. It is in support of what may properly be termed relatively a very meagre force that these estimates are presented, and they are absolutely necessary. Would any hon. member, bearing in mind the figures I have just quoted, suggest that in this day and age they should be reduced? Surely to put the question answers it.

I proceed to the particular branch of the estimates which attracts my special attention and as to which I have some remarks to make. I have already given the figures of expenditures on our air service in the past year and the expenditures proposed for the coming year. The minister told us that a year ago there were 1,080 men in our air force and that there is an estimated increase to 1,730, or an increase of 650 men. I have a suggestion to make which conforms, I understand, with a sentiment expressed this evening by the hon. member for Beauharnois-Laprairie (Mr. Raymond), in a speech which, owing to my own lack of education, I regret I was unable to follow in the hon. member's native tongue. He referred to the viewpoint that the air force is a branch of the defence service which has an economic value in peace time, and it is in my view the only branch of our defence service which has an economic and constructive peace value. Soldiers on horseback, our infantry, and the branches of our service other than the air force have no economic peace time value. We are aware of the value of the air service because we are a party to the expenditures that are being made for the great transcontinental service which will come into effect next July. Those of us who follow air

progress know that in the last year Canada carried by air five times as much freight as any other nation. That is a remarkable record.

Mr. MacDONALD (Brantford): Is that per capita?

Mr. SLAGHT: Not per capita—gross. If I am correctly informed—and I believe I am—Canada carried five times as much freight in the air as any other nation, regardless of population. Therefore we should appreciate the strides which our country is making in this particular economic and military field, and the people of Canada and the members of this committee will be impressed by a viewpoint which has as its objective an increased expenditure on air service.

Let me remind the committee of one or two significent facts. I believe I am correct in saying that most of the machines in the military and perhaps also in the commercial branches of our air service are of low speed, and that the highest speed military machines we have, even including those under order, have no greater speed than 250 miles per hour.

Mr. MACKENZIE (Vancouver): Two hundred and eighty.

Mr. SLAGHT: Two hundred and eighty; the minister corrects me. In the British Empire to-day there are flying machines with speeds of 350 to 400 miles per hour, and those machines are effectively using machine guns from the air at that rate of speed. Picture a machine of that terrific speed, equipped with a gunner who is capable of shooting at that rate of speed, because the ability to do so requires, I am informed, a man in a class all by himself. I am not addressing the committee on this subject without having had the benefit of a conference in the past fortnight with two of the most distinguished air force men in Canada, one of them outstanding by reason both of his record in the late war and his follow-up of this great subject of air efficiency. I understand from those who know best that it is extremely difficult to find pilots who can undertake the control as pilots of these high powered machines and also to find gunners who can shoot at speeds of 350 to 400 miles an hour; but I am happy to say, on the information I have, that the British Empire has successfully solved that problem and is putting into its active defence service to-day all the pilots and gunners of this calibre that are needed for this speedy program and enormous expenditure which Great Britain has undertaken.

[M. Slaght.]

Why do I trouble the committee with these details? It is to suggest that the figure of $11,000,000 should be increased if possible at this very session. I take it that it would be appropriate to do so later by supplementary estimates. I do not propose to move any amendment here, because I have the greatest confidence in the Minister of National Defence. But I ask him to consider very carefully whether he should not bring down later an increased estimate for expenditure upon the air service.

Let me suggest to the committee how I think it should be spent. It would be possible to enlist in the air service of Canada 4,500 young men and train them for a year, and the following year to double that, or at any rate to increase it to eight thousand, so that at the end of two years, if we were spared a war in the interval, we would have in this country, if my dream came true, 1,000 trained pilots who would be efficient in operating the highest speed machines that can be turned out; and we would have upon the ground, to service these 1,000 pilots, 7,000 mechanics. I am informed that one pilot in the air requires seven men on the ground to service him efficiently in all the details of that service: First, the garage mechanic; then the higher-powered engineer, then the men who operate the beam service in the various airports. All that would have to be taken into consideration. Those who are familiar with the subject will not dispute the figures I have given.

Might we not in the two years to come build up such a service? Ten or eleven million dollars more would give us 4,500 men, who in twelve months' time would have this training. Might we not encourage young high school graduates, men of practical experience in our garages, young university men in their first years, or graduates from the schools of science across the continent, to enlist in the air service of the country either as mechanics or as pilots? Might we not establish training camps and schools at once in ten centres—Halifax, Quebec, Montreal, the Royal Military College at Kingston, Toronto, Winnipeg, Calgary, Regina, Vancouver and Victoria? My suggestion—and it is not a considered one—is that it might be found practicable to pay these men at least $70 a month, as wages if you like, and $30 a month more for board, or $100 a month per man. I would suggest that they be boarded in barracks and insured at the expense of the country for fifteen or twenty thousand dollars each—because we would expect the best type of young men in the country. If this suggestion were adopted

we would have 8,000 men who, in my humble judgment, would be of as great value in war time as 200,000 young Canadians would be, enlisted in the infantry, the cavalry and other branches of the service.

I am attempting to look at this question purely from the point of view of the minister, that is, from the point of view of the defence of Canada. Suppose the war clouds should break into storm and disaster and Europe ignites, or possibly war breaks out in the far east. I, for one, am heartily in accord with the sentiment expressed by the minister and by practically every other hon. member, that we should be very slow to become involved in any war until we are entirely satisfied of the absolute necessity of our participating in it. But, realizing world conditions as indicated by the figures I have given with regard to the armed forces in Europe to-day, and in view of the expressed intention of some of the men who control the destinies of those European countries, does any hon. member think it is beyond all possibility that Canada might be at war in six or twelve months' time? Let us contemplate that as a possibility. For instance, who would have said, three days before the fourth of August, 1914, that in a few short weeks thereafter Canada would be transporting troops to the battlefields of Europe? No one in this country would have said so, except perhaps a very few rabid imperialists. And on the 24th of March, 1938, who will say that, if war does break out in Europe and progresses for a short time, when the things that we hold dear are endangered and our very national existence here is threatened, we might not have to become involved in war? The hon. member for Grey-Bruce properly pointed out that there might be an attack either on the west coast or on the east coast, but I do not quite share her view that we should fold our arms and say that we could not resist. If I understood her correctly, that was the impression I gathered from her remarks.

Miss MACPHAIL: You had better not interpret them.

Mr. SLAGHT: The hon. member was absent when I endeavoured to pay her a compliment for her contribution to the debate.

Miss MACPHAIL: Thank you.

Mr. SLAGHT: Who will say that it is impossible for this country to become involved in war? If we had a trained force of the type I have indicated, and if we were obliged to turn our minds at all to the problem of actual defence, how could we make a greater contribution to empire war service and empire defence—including our own selfish defence—than to have a force of 1,000 trained airmen equipped with a large number of machines of high-powered type, together with other machines of lower velocity and a mechanical force of 7,000 men to service that fleet of planes? Could we hope by any other means to make so great a contribution to ultimate world peace, which I assume is the desire of every hon. member.

I commend this suggestion to the minister. It must not be forgotten that such a force would have a definite economic peace time value. I believe that the development of air traffic, both passenger and freight, is in its infancy; and just as twenty-five years ago the first hard-tired small automobiles came upon the scene, so for the next generation progress in transportation will be in the air—transportation for economic and, I regret to say, destructive purposes. With a population of eleven million we cannot compete with the armies I have outlined; we could not begin to compete with them; it would be stupidity on our part to attempt to do so. But here is a branch of service that would be eminently useful—and I speak from the records of the last great war. By common consent, even on the part of Britain's enemies in that war, Canadian pilots and mechanics outshone the pilots and mechanics of every other nation. That is a well established fact.

I desire, with some diffidence, to present for the earnest consideration of the committee the observations I have just made as to a field in which we may engage. Do not let us wait until the nations of the world are at war before we prepare.

Mr. J. R. MacNICOL (Davenport): Mr. Chairman, if the hon. member for Parry Sound (Mr. Slaght), who has just taken his seat, had continued a little further with his discussion of the air service, perhaps I should not have arisen. As he proceeded with his remarks I thought, in connection with the aeroplanes to which he was referring, for bombing and so on, he would have coupled with that subject some remarks in reference to rescue work as a result of gas bombs being dropped from the air, and if that had been done perhaps I should not have said anything at this time.

Mr. SLAGHT: I thank my hon. friend for that reminder. It is a real factor, and I overlooked it.

Mr. MacNICOL: I remember sitting in the Friedrichstrasse station in Berlin, Germany, for a matter of three hours last June, after I had finished my investigation into various matters in that city. I became attracted by

the large number of aviators who were entering and leaving that station. First, I was interested in the bands on their arms, which all seemed to be different; then I commenced counting the number who got on and off each train. According to my memory a train entered or left the station about every four minutes; there were many tracks. I was putting in my time and commenced figuring an average of how many got on and off. Finally, I computed that the average number of aviators per train getting on or off was twenty. At the rate of fifteen trains an hour that meant three hundred aviators an hour, and for the three hours I sat there it meant nine hundred aviators.

I must confess that I left Berlin that night feeling greatly depressed, thinking that if the British Empire should become involved in any trouble with Germany, that country would have a very large number of trained aviators. I inquired how many they had, and was told that they numbered something between eight and ten thousand aviators ready to take the air at any time. Throughout the city itself I found preparations being carried on to protect its inhabitants, who number some four or five million, by means of shelters where the people could go in the event of the city being gassed.

The point I am making is that whether or not we like trouble, it comes to us, and to every nation, and at this moment I might add that I certainly approve the minister doing the best he can. I have no comment to make at the moment on the estimates except the omission, as I see it, of a vote to provide some defence against attack by gas in this country. However, a moment ago I started to say that throughout the city of Berlin they were preparing or planning places of refuge. When I returned to England I found similar plans there, and on going to the Home Office I learned that adequate preparation is being carried on in that country. I do not know of any preparations along this line being carried on in Canada. The minister may have in mind some protection against the effects of air raids on the civilian population in regard to gas, but I do not see anything in the estimates for it.

Mr. MACKENZIE (Vancouver): That is being very carefully considered at the present moment.

Mr. MacNICOL: I am glad to learn that. I should like to take just a few moments to tell the committee the preparations that are being carried on in the old country. As I said, I went to the Home Office and found that they had divided England into eleven districts; I do not know about Scotland and Ireland. These districts were as follows: London, Salisbury, Cardiff, Birmingham, Shrewsbury, Liverpool, Newcastle, Leeds, York, Nottingham and Cambridge. All these districts were again subdivided to take care of the counties and municipalities adjacent thereto. Hearing that a great demonstration was to take place in the city of Leeds, I went there to learn what I could. Perhaps the minister was there also. The evening I was there I attended a school held for the purpose of educating the people in how to protect themselves against gas. There is no use in fooling ourselves or, to use a common expression, in kidding ourselves that we are safe in Canada. To-day no country is safe, and it is only fit and proper that every country should make preparations to protect its civilians.

What did I find in Leeds, at that school? I found a gentleman, I suppose an officer from the Home Office, and I might add that the school was held in a large auditorium in the city hall, which was packed with people who were in deadly earnest, listening to what the officer from London told them. He said that an air raid might take place without anyone being notified about it; that the Home Office, through the air marshal, would try to advise the sub-air marshals in the various districts that an air raid was impending, and this officer did his best to tell the people there assembled how they might protect themselves. I believe this can be done here, outside any possibility of Canada taking part in a war. I do not believe any hon. member wants to see Canada engaged in a war; I think every hon. member wants Canada to keep out of war, but whether we like it or not, it may come our way, and we might come right up against what this officer told the people that night in Leeds. I attended a school in another city as well, but I shall confine my remarks to what I learned that night at Leeds.

What did the officer ask them? He asked the people there assembled to volunteer—to do what? To divide themselves into various classes; to make preparation for what might come like a thief in the night, namely, a gas attack, without warning. The first class was the first aid and medical service class. He invited doctors, nurses, people belonging to the St. John's Ambulance Corps and other similar associations to join that class and volunteer to give assistance in Leeds in the event of an air raid. They were to be ready to go to the aid of casualties; to give them conveyance by ambulance to hospitals, and to keep the citizens instructed as to how to put on their

gas masks. Just in passing I might say that before I left Berlin I made inquiry as to how many gas masks the German government had available, and I was told about forty-five million. In England I learned that they had about thirty-five million gas masks. When the minister speaks on this matter again, I should like him to tell us something of the preparations which are being made in Canada in connection with the provision for gas masks.

When the hon. member for Cochrane (Mr. Bradette) was speaking this afternoon, I wondered what would happen if one of these great aeroplane carriers sailed into Hudson bay. The planes would have to go only a few hundred miles to reach Cochrane, and I doubt if there is a gas mask in that town. If Cochrane were showered with gas they would all be in danger; there would be no possibility of saving their lives. It would be the same thing in Toronto; I do not know that there are any gas masks in that city. Would the minister tell us what preparation is being made in Canada, so far as gas masks are concerned, and particularly for the protection of our coastal cities, both east and west, such as Halifax, St. John and Vancouver? If there is no expenditure indicated in the estimates to cover that point, I am one who believes that there should be some provision for gas masks to save the people who might live in cities or towns bombed from the air by gas.

The second division they were instructed to prepare for was in connection with rescue parties and the demolition of buildings. We see pictures in illustrated papers of buildings which have been bombed, showing what is taking place in Spain. Squads must be in readiness to tear down damaged buildings, because a wall leaning over as a result of a bomb presents a danger. Volunteers are called to do that kind of work. There must also be men to clear the roads, or to repair steam pipes which have been opened by an explosion. I do not know whether we are doing anything along this line in Canada.

We may be on the verge of attack—I hope we are not; I hope we are never attacked. But it would not do us any harm to be ready to take care of ourselves if we were attacked from the air or otherwise. The officer next called for volunteers to attend to the decontamination of buildings and roadways, as a result of a town or city being gassed from the air. This particular service calls for the cleaning up of roads and the sprinkling of lime on them, or some other decontaminator, which would destroy the effects of gas.

The officer next asked for air raid wardens. These are volunteers who would be ready to fly at a moment's notice to warn people by means of sirens that the city was about to be gassed. He also asked that volunteers, to wear the necessary protective appliances, be enrolled to go here and there throughout the city, to various sections and places, to detect places filled with gas. He gave long instructions with respect to the preparation of rooms.

I wonder if we have anything like that in Canada. I brought back the literature which was handed to me—all sorts of it. Pamphlet No 1, is entitled, Organization of Air Raid Casualty Services. Have we anything of that kind sent out in Canada? If we have not, then we should have. No. 2 is entitled, Rescue Parties and Clearance of Debris. We should have some organization ready, in the event of a city like Halifax being bombed from an aircraft carrier. Who can tell that Halifax could be saved by any surface craft if an aircraft carrier, coming within range of the city, sent out bombing planes and showered it with gas? How would the people know what to do? Has the department sent out literature? If the department has not literature along the lines of that published in England, it should have.

Pamphlet No 3, is entitled, Organization of Decontamination Services, and No 4, is Air Raid Wardens. I had not intended saying anything, but I was moved to do so by the observations of the hon. member for Parry Sound. All I can say to the minister is that if there is no service available at the present time, or no money provided through an estimate for the protection of Canadians against air raids, against bombing and gas attacks from the air, then any vote along that line should be supported by the Canadian people.

Mr. ERNEST BERTRAND (Laurier) (Translation): Mr. Chairman, I did not intend to take part in this debate, but certain statements were made which prompt me to make a few observations. Last year, when we discussed the question of armaments, I stood by the government. We were somewhat criticized in our constituencies, but I was glad to notice, this year, a change of opinion among the public, and even among some members of this house. I am sure that many of those who criticized us last year will have to admit now that we were right then as we are to-day in supporting the government.

War is a terrible thing. We are all agreed on that, and nobody wants war, neither those who are in favour of armaments nor the others,

but, as the hon. member who just spoke said, war will break out when we least expect it, and without notice.

There is in the province of Quebec a most vulnerable spot, in case of war. I mean the St. Maurice valley. I want the people who inhabit this valley to hear what might happen if a war broke out. With the powerful aircraft that are in use to-day, we know that our enemies would attempt to attack mainly the spots where our war industries are situated. For instance, in the St. Maurice valley there are cities like Three Rivers, Shawinigan and Grand'Mere where many industries are apt to manufacture war materials. At the head of the St. Maurice valley there is the Gouin dam which was built, I believe, some twenty-five years ago, and which forms a reservoir containing so much water that, if it were bombed, it would flood the whole St. Maurice valley. It could possibly drown the whole population and completely destroy our war industries.

I do not wish to censure any of my colleagues, but I just want to ask those who are residing in the St. Maurice valley to ponder over this contingency. Supposing an airplane would get to that dam at a speed of 400 miles an hour, and destroy it with bombs, would it not be a terrible disaster? The hon. members from that district have every good reason to see Canada well armed.

Nobody likes war, either on this side or on the other side of this house, and we have finally agreed on the question of armaments. I notice also that hon. members of the opposition who, last year, remained silent during the discussion of these estimates, now come forward and are more ready than ever to support the government.

Mr. E. G. HANSELL (Macleod): Mr. Chairman, I listened with a great deal of interest this afternoon to the speech of the Minister of National Defence (Mr. Mackenzie). I say I listened with interest, because one does become interested when expressions are given by ministers of the crown on such matters as national defence, and matters touching upon problems of the day and their relation to other nations. I do not think the minister could have said anything but what he did. If any of us were in the same position we could not have said anything more. I am not now speaking for the group to which I belong. My personal observation is that if we were to find ourselves on the treasury benches we would not know just what to do in connection with foreign policy. We have often been asked just what we would do in connection with finance, and although the answer has not always been to the satisfaction of hon. members opposite, I think we would know just what should be done. But when it comes to the problems being debated to-night, I doubt if we would know just how to act. In saying that, I do not think I admit any weakness on our part; it simply illustrates that the problems which confront the government of this and other countries are so exacting that it would be difficult indeed to determine the proper and exact course to follow.

I am in accord with some of the things said by the hon. member for Grey-Bruce (Miss Macphail). I cannot see any sense in spending money on armaments and then permitting war materials to go from this country to potential enemies. I imagine all hon. members will agree with that. However, there are other matters to be considered. We all like to be idealistic to a certain extent; we all know in our own minds what we would like to see done; but we cannot very well deal with things as we would like them to be; we must deal with them as they are. Things being as they are in the world to-day, who can say just what should be done?

I experience a little difficulty in knowing just where the work of the Minister of National Defence ends and the work of the Prime Minister (Mr. Mackenzie King), in his capacity as Secretary of State for External Affairs, begins. I have never been able to determine the exact line of demarcation. When we are debating or discussing matters pertaining to estimates on national defence, we are so likely to slide off into matters of foreign policy. In some instances we feel that we have to do this. However, I think we should appreciate the position in which the Prime Minister finds himself these days. Sometimes I have felt that he has not given an adequate and full answer to some questions concerning foreign policy; yet at the same time I do not think we should try to embarrass the government.

I do not believe there is a man living who can predict what will happen in the next few months or even in the next few weeks. I do not think it is wise for us to ask the Prime Minister for a specific and definite answer with regard to foreign policy because he may have to change that answer in a few months. I am reminded of a book written by Sir Norman Angell. I shall not quote from that book as some hon. members do not appreciate quotations. Prior to the great war he wrote a book entitled The Great Illusion, in which he dealt with the money aspect of a possible war. It has since been

proven that when that war did break out, every one of his contentions were erroneous. His predictions did not come true. Sir Norman Angell is nobody's fool; he is a smart man in many ways; but he could not make accurate predictions at that time, and conditions to-day are tremendously more problematical than they were then. I am not saying that we are nearer to war, but it seems to me that the world's stage as it appears to-day is more intricate than it was then. If such men as he were unable to say with any degree of certainty what would happen in the future, who can do so to-day? I would be reluctant to embarrass the government in this connection.

There are one or two observations I should like to make with regard to the closing part of the minister's speech. These observations may seem trivial, but I should like to place them before the committee. The minister said that we were a free people, but I do not think we are. We may be free to vote and elect a government, but I doubt very much if that government is free once it is in office. We are not free, even as a nation, to do as we would like to do. Our contention is that the present system of finance will not permit it.

If I understood the minister correctly, he said that to a large extent governments were guided by popular opinion. He had better think over that statement a little more as I doubt whether it is so in fact. If he will reflect a little more, he must realize that certain factors go toward moulding public opinion and those factors are often brought into play by the action of governments. There are many illustrations of this in history. For instance, take the case of the abdication of Edward. In that instance the popular cry was that he should remain, come what may. But Mr. Stanley Baldwin thought otherwise and paid little heed to the cry of public opinion.

We all recognize, I think, that statesmen must be very far-seeing. Sometimes public opinion is not right, and again, public opinion changes very, very rapidly. I would not advise our government to be swayed by public opinion, because public opinion to-day may be one thing and to-morrow it may be entirely different, and sometimes it does not take very much to change it. I suppose that public opinion with regard to conscription, for the sake of illustration, would be opposed to it; but if an incident such as that of the sinking of the Lusitania occurred, or if the newspapers were to print war atrocities and display cartoons showing babies stuck on the end of bayonets, public opinion would change very, very rapidly.

I have made these observations, Mr. Chairman, as my small contribution to this debate, and it may not be worth very much. I feel, of course, that money policy plays a big part in all these things, and this group goes a step farther in saying that until the money system is so adjusted as to bring about a conformity between money and the distribution of goods and services, there will in the end be no peace. Money knows no international boundaries, and until this adjustment is brought about, there will be no peace.

Mr. F. C. BETTS (London): I should like to say a few words, Mr. Chairman, before this item carries. First, I should like to quote a remark made by the right hon. leader of the government (Mr. Mackenzie King) when he was dealing with defence estimates in 1937, as reported at page 1040 of Hansard of that year. He said:

> I should be inclined to believe that the security of one's country would rank as the first among all social securities.

That, of course, is a statement with which no one can quarrel, and it is as true to-day as it was then. Dealing with the principle which has been laid down by imperial conferences since time immemorial, and which was referred to by the minister in his remarks to-day, he said:

> The primary responsibility of each portion of the empire is for its own local defence.

In dealing with the local defence of a country such as Canada, I would point out that the vital areas extend for some very considerable distance beyond our harbours on the east coast and on the west as well. Local defence, using the term in its narrowest sense, if it is to be adequate must include such sea-going craft as can cope effectively with enemy warships, and in particular with enemy craft of the type known as the cruiser raider, such as the Emden, which wrought so much havoc during the past war.

Dealing with the phrase "local defence" and with our naval situation in particular, I would submit that as we are now equipped on the sea, or as we shall be even after the present estimates have been appropriated and spent, we shall have nothing that could be described as adequate for the defence of Halifax, Saint John, Vancouver and Victoria. The failure to make provision for purchasing a cruiser is, I contend, a glaring gap in the estimates as they stand, and our destroyer fleet would be entirely ineffective in coping with the type of raid that the Emden carried on during the last war, and with the type of raid that we may expect with full confidence will be suffered by our ports, not some weeks after war breaks out, but within a very few

hours after the declaration of war. I would also remind the minister that declarations of war have gone out of fashion. What I am trying to emphasize is the extreme urgency of adequate protection on the sea, which is lacking at the present time.

We should also have, in my opinion, submarines in order that the focal waters around Saint John, Halifax, Vancouver and Victoria may be protected. Before I leave the eastern ports I should like to touch on their tremendous importance in any scheme of empire defence. Military experts agree that within the United Kingdom at the present time there is enough food to last approximately six weeks and no more. In the event of a war which included the United Kingdom there are two possibilities: The United States might participate in the early stages of the war, and the United States might not. In this house in our deliberations we should prepare for either eventuality.

Let us take the second one, a war in which the United States takes no part. The situation then would be that the United States, by their neutrality legislation, would be prohibited from shipping anything to the belligerents. No food, no munitions, no nickel, no copper could leave the United States for the British Isles if the United States were not involved in the war. That would place a tremendous burden on the ports of Saint John and Halifax. It would make those ports of primary importance in any scheme of imperial defence, and as they are now protected, my submission is that these ports would be put out of action within the first week of the war. They are absolutely vulnerable to attack by the cruiser-raider type of vessel. Furthermore, there is an entire lack, so far as I know, and so far as these estimates or the minister's statements have revealed, of any adequate, modern anti-aircraft equipment. The ports are at the mercy of attacks not only from the sea but from such planes as would inevitably slip through any North sea blockade that might be established, some carried by aircraft carriers and some in the holds of merchantmen, which would establish themselves somewhere within 250 miles of Saint John and Halifax, up north, Labrador way, where it would be practically impossible to locate them until great damage had been done. Using their ships as their base, they would run a shuttle bombing service which in a very short time would put the ports of Saint John and Halifax entirely out of action. The result of that would be that not only food, for which Great Britain would be looking to this country, but the all important supplies of nickel, copper and other sinews of war, which would have to come from the North American continent, would be entirely lacking.

The minister in his statement said that the use of modern aircraft had turned the probability of attacks from the air into a possibility.

Mr. MACKENZIE (Vancouver): The very opposite—the possibility into a probability.

Mr. BETTS: I stand corrected—yes. I would go one step further, and say that it has become an absolute certainty in the event of war. I point out another probability, if not a certainty, namely, that cities such as Quebec —certainly—and Montreal—possibly—would be subject to bombing attacks by dirigibles which would come in by way of Labrador, which would be seen by nobody except a few Indians, and which would be in a position to unload, without any warning whatever, two tons of explosives on the city of Quebec.

The same possibility, probability, or certainty exists in so far as the cities of Vancouver and Victoria are concerned. It is true that at the present time we have the British navy; we have had it for years, and we rely with a sense of security upon what that navy can do for us. But the fact of the matter is that if a war of world dimensions broke out—and personally I fail to see how any modern war can be other than one of world dimensions—the British navy would have all it could possibly do to protect the focal waters around the British Isles. There would be no possibility of the navy sending detachments to protect this part of the empire. Furthermore, we have no right to expect that that would be done, because, as imperial conference after imperial conference has affirmed, as the Prime Minister himself stated in his speech of February a year ago, and as the minister reiterated to-night, the primary responsibility of each portion of the empire is for its own local defence.

Therefore, Mr. Chairman, I protest against the entire lack of adequate provision in these estimates for the protection of those very parts of the country which the Prime Minister over a year ago referred to as vulnerable points, points which must be protected. I quote further from the remarks of the Prime Minister. At page 1041 of Hansard he said:

> With warfare what it is likely to be in the future, with possible air and submarine raids and all else that is to be feared, the protection of our great municipalities against the dropping of bombs or the sowing of mines which might disrupt the whole life of a municipality, becomes one of the most serious obligations under the heading of present day defence.

I ask the minister, and I hope he will tell us later on in his remarks, how many planes we have in this country capable of developing a speed of 250 miles per hour—

Mr. BENNETT: Or any speed.

Mr. BETTS: —and how many thoroughly modern effective anti-aircraft guns we have at Halifax, Saint John and on the eastern coast that are capable of coping with modern aerial attack.

Dealing further with the remarks of the Prime Minister, I find he makes these very appropriate and pertinent observations at page 1045 of Hansard:

> Any criticism of the government in respect to the defence estimates must be made on the score of what we are spending for defence in the light of the world situation as we know it in reference to dangers that may arise.

Later on at the same page he says that the government—

> —has regard to conditions as they exist, and must consider what is necessary, and what it believes the people of the country believe to be necessary properly to meet those conditions. If there were no dangers in the world at the present time, if there were no threat of international war, if there were no impending calamity on a scale such as everyone, who is reflecting on the world situation, realizes that there is, certainly it would be an extraordinary thing for the government to bring in increases in defence estimates. But when countries are facing an altogether new situation, a government which has responsibility for defence must assume that responsibility in the light of existing conditions.

Then later on, dealing with the break-down of the League of Nations and the resultant acute condition of world affairs, he says:

> What is the position to-day with regard to treaties and contracts between nations? We have seen how far the treaty of Versailles has been respected. We have seen how Locarno has been violated. We have but to look at the pronouncements made from day to day by certain nations to discover that they put no faith at all in contracts and will not if it suits their purpose regard themselves as bound by any agreement or obligation. Some nations avowedly are placing their confidence in might not in right; in force not in reason. That is a very different situation from that with which the world was faced a little while ago. These circumstances have changed the whole position of security so far as the nations of the world are concerned.

And again, at page 1048:

> If the conflict spreads, if a conflict of that character becomes international, is it likely that any part of the world is going to escape its terrors? Facing such a possibility, not to speak of others scarcely less evident, can a government which has the responsibility of looking after the defence of its own country, ignore altogether what is necessary for the protection of its coasts, its harbours, its great cities, its people wherever they are, in contingencies that may arise.

I quote those passages in order to emphasize the point made by the Prime Minister, with which I am in entire agreement, that any defence policy must be moulded on conditions as they exist. Any defence measures that we adopt must vary according to the exigencies of the situation, according to the gravity of our position as an integral part of the British Empire, and I ask the minister to consider how much water, how much turbulent water, has flowed under the bridge since those pronouncements of the Prime Minister were made one year ago.

Japan has invaded China. Germany has annexed Austria. Poland has bludgeoned Lithuania into submission by an overwhelming show of force. Italy and Germany have been pouring men and aeroplanes, guns and materials of war into Spain in defiance of the protest of the British Empire and of every civilized country. The German, Italian, Japanese axis has been announced. Now, surely, to be consistent, a government which made the point that defensive measures must be framed on the world situation as we find it, would have increased the defences of Canada in the intervening years. Let us see what has been done. In the United Kingdom the defence vote for 1937 was £283,500,000, and for 1938, recently announced, the vote was £353,750,000. In Australia, the 1937 defence vote was £8,766,000. In to-day's paper there is an announcement that a three year program has been entered upon by Australia, which with the ordinary defence expenditures will involve a total outlay of £43,000,000, or an annual outlay of approximately £14,000,000. In Canada, we have reduced our defence estimates by $2,000,000, and we have reduced the amount which we shall spend on aircraft by $1,017,000, this despite the fact that on the 1935-36 basis Canada was spending per capita $1.41 for defence; Australia, $4.37; and Great Britain, $14.14.

I should like to conclude by reading the closing remarks of the Prime Minister's speech delivered in February, 1937, in which he says:

> Is it likely that we shall be able to maintain friendly relations with the United States if we do nothing to defend our own coasts but simply take the attitude that we shall look to them for our defence? Similarly with regard to England. Are members of this government who are to represent Canada at the imperial conference to be asked to assert Canada's equality of status with all the nations of the British commonwealth and at the same time to tell the British government that we are relying upon Great Britain to protect our coasts, and will do nothing to help ourselves because we have their protection? In a word, so far as looking to either the United States or Great Britain for the defence of our coasts or of any part of the dominion, while naturally we are glad to know that we can count on that addi-

tional safeguard in any great emergency, to suggest that we should depend upon it entirely and do absolutely nothing for ourselves is simply to be lacking in self-respect as a nation; it is simply sponging.

We have been sitting in this chamber now for two months, and have devoted much time to the discussion of all sorts of resolutions, many of them of very little moment. We have talked at endless length about the advisability of designing and adopting a new Canadian flag which will signify our status as an "equality partner in the empire." But my submission is that far from doing anything to carry our load, far from pulling our weight in the imperial boat, we are doing absolutely nothing. I submit that the present defence estimates, coupled with the statement of the minister, show an entire lack of appreciation of the seriousness of the situation in which we find ourselves, and so far as anything we are doing to maintain our own local defences is concerned, we are still sponging.

Progress reported.

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

Friday, March 25, 1938

The house met at three o'clock.

STANDING COMMITTEES

RADIO BROADCASTING—CIVIL SERVICE ACT—AGRICULTURE AND COLONIZATION—CHANGES IN PERSONNEL

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

That the name of Mr. Heon be substituted for that of Mr. Wermenlinger on the standing committee on radio broadcasting.

That the name of Mr. Spence be substituted for that of Mr. Lawson on the special committee to inquire into the operation of the Civil Service Act.

That the name of Mr. Tustin be substituted for that of Mr. Barber on the standing committee on agriculture and colonization.

Motion agreed to.

JAPANESE IMMIGRATION

INTERDEPARTMENTAL COMMITTEE AND BOARD OF REVIEW—INFORMATION AS TO APPOINTMENT AND MEETINGS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): In further reply to the hon. member for Comox-Alberni (Mr. Neill) as to the date on which the interdepartmental committee studying the question of oriental immigration was appointed, I may say that for the past year officials of the immigration branch, the Department of External Affairs and the mounted police, have been holding conferences concerning orientals in British Columbia, with occasional consultations with officials of other departments. This interdepartmental committee on February 28 was enlarged by the definite addition of national revenue, national defence, fisheries, statistics and labour. Members of the board of review were appointed on March 11. The board held its first meeting in Vancouver on March 21.

[Mr. Betts.]

ELECTRIC POWER

TRANSFER TO PARLIAMENT OF CONTROL OF EXPORT EXCEPT IN INTERNATIONAL EMERGENCY

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved the third reading of Bill No. 21, to amend the Electricity and Fluid Exportation Act.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, few measures better illustrate the value of parliamentary discussion than the one now before us for third reading. We have, I believe in a not unfriendly spirit, discussed the proposals submitted by the government, and I think the adoption of suggestions by the government in the form of amendments has improved greatly the legislation. Yet I feel it would be most unfair, not only to myself but to many others who are associated with me, if I did not indicate that it is a little difficult even yet to understand how a private act of parliament should determine an issue so fully national and so very important in the largest and truest sense as that concerning the exportation of power.

I have only this further observation to make. While the executive may or may not be the best body to determine whether licences for the export of power should be issued, there can be no doubt about one thing, that they are as competent to determine that matter as they are to determine whether a statute of this parliament should be repealed. Inasmuch as the executive is now being vested with the power to repeal a statute, which repeal would from necessity arise from knowledge possessed by the executive as to the wisdom or unwisdom of the continuance of the statute, it should follow that the same executive is quite capable of fulfilling the obligation placed upon it by the original statute, namely, of determining whether or not licences should issue. If the power to repeal the statute is not as great as the

power to determine whether licences should issue, it is hard to understand what is the true measure of responsibility.

That is all I have to say. I do not intend either to discuss anew the merits or demerits of the measure, or to move an amendment to refer it back to the committee. I content myself with saying that for the reasons indicated I shall have to say "nay" to the motion for third reading.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, speaking in the same spirit as that which has inspired my right hon. friend, I desire to thank him and the hon. members on his side for their suggestions, some of which have been embodied in the bill. I think this serves to show that this government is open minded when it comes to dealing with public business. I can assure my right hon. friend that when any private bill is introduced under the provisions of this measure, it will be dealt with with the same broad mindedness and spirit of justice.

With regard to the closing remarks of my right hon. friend, may I say that possibly if this matter had been dealt with and settled under the provisions of the existing law, when the application was made the governor in council would not have had as guidance the recent events which have occurred in and the statements which have come from the United States with regard to this question. On the whole I think all is well that ends well, and the house will do well to vote for the third reading of this bill.

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

INSPECTION AND SALE

PROPOSED REGULATIONS RESPECTING BINDER TWINE, SALT AND OTHER COMMODITIES

Hon. J. G. GARDINER (Minister of Agriculture) moved the third reading of Bill No. 30, to regulate the inspection and sale of binder twine and salt, and to establish weight of bushel for certain commodities commonly sold by the bushel.

He said: It will be recalled that when this bill was in committee part II was deleted and third reading was delayed in order that it might be reprinted with that part omitted and any consequential amendments made on the motion for third reading.

Hon. IAN MACKENZIE (Minister of National Defence) moved:

In section two, for the words and figures "Parts I, II, and III" substitute "Parts 1 and II," and strike out the word "salt" in the second line.

In section three, strike out paragraph (e), being the definition of "packer."

In the title of the bill, strike out the words "and salt."

Mr. BENNETT: The bill should be referred back to the committee of the whole house.

Mr. STIRLING: Has it been reprinted?

Mr. GARDINER: Yes. I have before me a ruling which dates back to 1920 to the effect that where an amendment is consequential it is not necessary to refer the bill back to the committee of the whole.

Mr. BENNETT: I thought they were more than that.

Mr. GARDINER: The amendments are made necessary by part II having been struck out. I am informed that the third reading would be moved in these terms:

That the bill with the amendments do pass and the title be, "An Act to Regulate the Inspection and Sale of Binder Twine, and to Establish Weight of Bushel for Certain Commodities Commonly Sold by the Bushel."

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

SEED GRAIN

GUARANTEE OF LOANS FOR PURCHASE OF SEED AND OTHER ASSISTANCE IN SEEDING OPERATIONS IN WESTERN PROVINCES

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to authorize the guarantee by the government of Canada of principal and interest of loans made by chartered banks and guaranteed by the provinces of Alberta and Saskatchewan, respectively, for the purchase of seed grain and for providing other assistance to farmers in connection with seeding operations during the spring of 1938; the liability of the government of Canada in respect of such guarantees not to exceed in the aggregate the sum of $1,900,000 in respect of Alberta and $14,500,000 in respect of Saskatchewan.

Motion agreed to and the house went into committee, Mr. Sanderson in the chair.

Mr. DUNNING: Mr. Chairman, the bill to be based on this resolution represents the national aspect of an effort to ensure that those portions of the prairie provinces which

were ravaged by drought in 1937 will once more be sown. The principle of the measure is identical with that of the one passed at the last session of parliament under which guarantees were given for the seeding operations of 1937.

Mr. BENNETT: Perhaps the minister would give the results of that.

Mr. DUNNING: Yes, I will a little later. The amounts involved differ because of the different area affected as compared with the area in 1936. In 1937 severe drought conditions affected Manitoba less than previously, with the result that Manitoba is not this year included within the bill to be based upon this resolution. In Saskatchewan the intensity and area affected was greater than ever before, and the problem consequently in that province is much more serious. The government of Alberta asks for a somewhat larger provision than a year ago, but not materially so. Last year the limit of our guarantee in the case of Alberta was $1,600,000. By the resolution now under consideration for this year the amount is $1,900,000. In the case of Saskatchewan last year the limit of our guarantee was $6,600,000, and this year the amount asked for in that province is $14,500,000.

I have spoken of the much wider area affected this year. Another factor which affects the figures is the higher prices which must be paid for seed grain, feed grain and fodder for use during the seeding period. In asking us to guarantee loans up to $1,900,000, the province of Alberta states that the number of farmers applying for assistance in this respect will be about 15,000. The amount required in this area in Alberta will be about $1,800,000, while the further sum of $100,000 will be required in that province to provide similar assistance in what may be called marginal districts.

The actual loans made in Alberta last year totalled $1,339,328; that is to say, the amount authorized by this parliament in respect of that province was not fully required. As at December 31, 1937, reflecting the somewhat better crop conditions in some parts of Alberta and as a result of repayments made out of last year's crop, the amount outstanding under the Alberta guarantee for last year has been reduced to $919,000.

In the case of Saskatchewan the number of farmer applicants has greatly increased because of the condition I mentioned a few moments ago. The government of that province estimates that the number of farmers who will need some kind of seeding assistance because of the lack of production last year will exceed 81,000, as compared with 25,000 who received assistance last year. These are just round figures.

The amounts required for the various forms of assistance in each province have been carefully considered by the federal Department of Agriculture together with representatives of the department of agriculture in each of the provinces concerned, and my colleague the Minister of Agriculture (Mr. Gardiner) will be able to answer all questions with respect to the provincial method of determining how seed shall be supplied in detail and the terms upon which it is made available to the individual farmer.

Subject to further questions—of course the members of the committee are free to ask questions, and I have here all the information with respect to the whole history of seed grain advances during the last seven or eight unfortunate years—I would say that this represents what appears to this government and to the governments of the two provinces concerned as the most effective means of ensuring that this great area shall be sown this coming spring.

I said a year ago in discussing this matter that all Canada had recognized and appreciated the fact that the drought problem had assumed the proportions of a national emergency, and it is in that spirit that all those concerned approach the problem we have before us this afternoon. This measure represents cooperation, starting with the individual farmer, his municipality, his province, the federal government, and the chartered banks. The amounts here represented by the guarantee figures do not represent all of the advances which will be made by the chartered banks. For instance, in the case of Saskatchewan it is estimated that the advances by the banks will run to over $18,000,000 for these purposes. The mortgage companies, having the interest of a mortgagee in lands, are by provincial legislation enabled to advance seed grain to their mortgagors, and it is anticipated that they will do so to the extent of between $1,000,000 and $1,250,000. I think therefore it can be said that this measure does represent definite cooperation between all those interested to give another chance, and a chance I think under better moisture conditions than have been apparent at this time of year in that area for a number of years past, to the people in this great area to produce a crop once more. I am positive in stating that without a measure of this kind it would be quite impossible for millions of acres of our most fertile land to be sown to wheat this spring.

Mr. GLEN: I should like to know what, if any, application has been made by the province of Manitoba for like assistance, and why it is not sharing in this vote.

Mr. DUNNING: No application has been made by the province of Manitoba for the guarantee this year, and it is quite evident that the province believes that it can itself handle its own problem. I trust the hon. member understands that this loan is to the farmer from his municipality. The municipality in turn is guaranteed by the province, and the province by the dominion. I should have said in that connection that the bill will contain the same provision as the bill of a year ago, namely, that the guarantee of the dominion will not be enforceable until three succeeding crops have been grown following the distribution of the seed this year.

Mr. BENNETT: You might want to pay the losses in advance, as in the case of the wheat board.

Mr. DUNNING: I sincerely trust the country may be in such a position as to be able to pay ascertained losses in advance, and I sincerely hope that my judgment in that regard may be as much at fault on a future occasion as it proved to be on the occasion to which my right hon. friend referred. I have no quarrel as Minister of Finance with the kind of mistake that involves over-estimation in taking care of a liability. That is the kind of mistake which is excusable.

Mr. BENNETT: Not for the reasons it was made.

Mr. DUNNING: The kind of mistake which is inexcusable is the unwillingness to make adequate provision in such a case. "All's well that ends well," the Minister of Justice suggests.

Mr. LANDERYOU: As regards the $1,900,000 for expenditure in Alberta, is the money actually paid to the provincial government, or is it merely guaranteed?

Mr. DUNNING: This whole measure involves not the payment of money to any other government but the guaranteeing by this government of the credit of the Alberta government, which in turn guarantees the credit of its own municipalities.

Mr. DUPUIS: Upon the request of Alberta?

Mr. LANDERYOU: Will the government not have to meet any losses for three years?

Mr. DUNNING: The provision in that regard, which of course it will be more convenient to discuss on the bill, is the same as that of a year ago, that the claim against the crown shall not be called upon before the expiration of three years. In effect the intention is, as was the case last year, that there should be three years during which the municipalities and the banks and the provincial government should endeavour to collect from the proceeds of three succeeding crops, before any liability is on this government.

Mr. LANDERYOU: An article appeared in the Alberta papers on March 15 from which I quote:

> Expenditure of $1,900,000 by the federal government on seed and seeding operations in Alberta this year was announced Monday by Hon. J. G. Gardiner, federal minister of agriculture, after a conference with Hon. D. B. Mullen, Alberta minister of agriculture.

According to the press report the minister was going to have the federal government spend $1,900,000 in the province of Alberta—before the election, an hon. member suggests.

> Mr. Gardiner said the resolution on which the legislation will be based providing for the $1,900,000 for seed and seeding operations in Alberta was now before parliament.

After reading such reports in the press, I am not surprised that the cabinet of a Liberal government should disallow legislation designed to give the citizens of Alberta accurate news and information.

Mr. PERLEY: As the minister has stated, this is a very important measure, the purpose of which is to provide seed for a very large area in the province of Saskatchewan; and it will affect very much the returns that the farmers of that province will have next fall. That means also that it will affect the whole business of this dominion. It is important because, as has been stated, it provides for the distribution of seed, of feed for horses, and of power, by means of gasoline and repairs, for seeding the crop.

I regret however that the minister did not see fit to bring in this measure earlier. When one considers the importance of it, the present date, March 25, is quite late to introduce it. It is only right to expect that the minister will find it necessary to give details with respect to the whole question of conditions in western Canada. He has already mentioned the number of farmers that are affected this year, namely 81,000, but we shall also require details with respect to the area involved and the accumulation and distribution of the seed. However the proper time to obtain such details will be when the bill is in committee.

May I remind the committee that on a former occasion, in 1933, when Saskatchewan and other western provinces needed seed for their spring requirements—the area not quite

so large as the present one, but being very considerable—a measure for the distribution of seed was introduced as early as February 1. I might add that it was held up for nearly two months; in fact on April 1 the government of the day had to employ the closure to get the measure through. Under all the circumstances I believe members of the government and all other hon. members will agree that we shall be acting in a kindly spirit if we facilitate the passing of this measure in good time, without regard to the delay caused five years ago by the details that were demanded and the questions that were asked. I do not think our present course will be calculated to delay this measure in any particular, although it is quite evident that we might do so if we so desired.

I am informed on pretty good authority that a request was made about January 29 by the government of Saskatchewan to the federal government for about $27,000,000 to provide seed and fodder for spring requirements. I will not go into details as to how this amount was made up, but the minister might let us know whether such a requisition was made by the provincial government on or about that time. If it was, it should not have taken the government all this time to decide what they would do about it; they should have known long before this. The minister might also inform us if the Minister of Agriculture held a meeting with the loan companies and the banks early in February, either here or in Toronto, when the whole question was discussed, including the provincial government's requisition.

I shall not argue the point as to whether $14,500,000 is sufficient. I believe it is. Of course price must be considered, but if proper distribution is made and the situation is efficiently handled this sum may be sufficient. The one point about which I am distressed is this. In the four years prior to 1935 relief and seed distribution was handled in Saskatchewan by a commission. It did a good job, and there was no criticism, at least not to be compared with what we hear to-day on all sides with respect to the quantity of seed to be provided and the number of acres to be seeded. The commission had its inspectors in the different municipalities; requisition was made to them and considered by the inspector concerned, and the farmer got his seed on reasonable conditions. But the regulations that have been issued by the provincial government which is now in power are such as easily lend themselves to some degree of discrimination and political favouritism. I referred a minute ago to the fact that we have not criticized this government very much. I believe we have been kind to them as regards the distribution of relief in Saskatchewan, not merely with regard to seed, but other matters as well. We have received plenty of information which leads us to believe that the handling of relief in Saskatchewan since 1934 has been a scandal and a disgrace, and I believe that if a committee were set up to investigate, we could prove it. There has been a lack of control of prices, and many other things could be brought up. However, this perhaps is not the time to enter into a discussion of that matter.

Will the minister also inform us whether any requests have been made by the provincial government that they be permitted to finance or assist municipalities in providing tractor power for seeding this spring, owing to the fact that there has been very great mortality among the horses of the province and there is a deplorable situation from the standpoint of horse power this spring? Reports have been coming forward regarding the loss of horses and in many municipalities it is over fifty per cent—that is, horses that died in the municipality during the winter, and the loss of horses shipped to the feeding ground in Manitoba, many of which have not returned. Many of the horses that are being returned to the province from the feeding ground in Manitoba are in a weakened condition and I was wondering whether any requisition had been made to the government for assistance to the farmers in the form of tractors for their seeding. When we get into committee on the bill I shall ask for more details with respect to many of these matters, particularly the purchasing of seed and the question of the premiums that were paid. I think we shall have to ascertain how they arrived at the price of $1.45 to the farmers.

At the present time the soil and moisture condition in the province is very favourable and the prospects for a crop are fairly good. In the last seven or eight years we have not had such favourable soil and moisture conditions for the reception of seed. The Minister of Agriculture has just returned from the province and he may be able to enlighten us in that regard. That being the situation, it is important that every possible acre that is suitable should be seeded this year. Many districts have not had a crop in five or six years and it would be serious and most regrettable if every possible acre were not seeded this year so as to give the farmers a break. I have received hundreds of letters protesting

and expressing dissatisfaction with the regulations that have been issued by the provincial government with respect to the amount of seed which will be provided for the individual farmer. A report in the Regina Daily Star of March 22 is to the effect that the Liberal members of the provincial legislature are themselves concerned. The report is headed:

> Hear Liberals Trying for More Seed Wheat. Possibly it is just a hitch in banking arrangements, a ripple in administration that will shortly be ironed out, but some private members of the legislature insist there is now being carried on extensive negotiations with Ottawa in an effort to secure more seed and easier terms. It is further rumoured that important news is expected shortly from men who have something to do with the federal treasury.

The report goes on to state that a special session may be called. This is from Liberal members of the Saskatchewan legislature.

> If Ottawa "fails to come through" in the next few hours, the members may be called back to Regina within a week for a short and special session to deal with one matter only—more seed grain and particularly more seed wheat.

Mr. DUNNING: What newspaper is that?

Mr. PERLEY: The Regina Daily Star of March 22.

Mr. YOUNG: Will the hon. member be good enough to tell us who is the owner of that paper?

Mr. PERLEY: That question is beside the point, but I may tell my hon. friends opposite that if they will review the columns of the Regina Leader-Post they will find many a report in the last month criticizing both the government here and the government in Saskatchewan, and criticizing them far more bitterly than anything we have seen in this newspaper with respect to the distribution of seed and handling of relief.

I should like to know whether this government have had any request from the provincial authorities for an increase in the quantity of seed that will be given to the individual farmer. A very serious condition prevails out there. There are many farmers, with more than 250 acres, who should be provided with seed, but the present regulations will not permit of this.

I do not think we should hold up this measure at this stage, but when the bill gets into committee we shall have to ask for certain details. There is a shortage of horse power out there; there is no question about it. Another report in the newspaper from which I have already quoted, of the same date, March 22, intimates that horses brought in from pasture are dying.

Mr. DUNNING: The same paper?

Mr. PERLEY: Yes, and my hon. friends will find the same report in the Regina Leader-Post if they will look it up. I would advise hon. members to read also the Free Press and the Saskatoon Star-Phoenix; if they do they will get some interesting information. This report states that a whole trainload of horses had to be unloaded at Arcola before they got to their various destinations. Some had to be taken out and a veterinary called; then they were reloaded and taken to various places, such as Creelman and Fillmore. Some had to be taken to farms on stone-boats. That is a serious matter and it explains why there is a shortage of horse power in the province. In my opinion the farmers in certain parts of that province would be justified in asking the government to give them some compensation for the loss they have suffered in horses, particularly those shipped to the feeding ground in Manitoba. They were encouraged to ship the horses, in fact they were forced to do so because feed was not provided in Saskatchewan, and when the horses were shipped out they should have been properly cared for. As I have said, however, many of the horses are returning in a terribly weakened condition and they will not be able to cope with the spring work. That is why I suggest that the government should assist the farmers in providing tractors to put in the crop, because fifty per cent of the horses will not be able to go into spring work at all. However, we shall have more details when the bill is in committee. In the meantime I think it is necessary to get this resolution through as quickly as possible in order to facilitate the seeding operations in the province. The matter is of vital importance.

Mr. DOUGLAS (Weyburn): I have some comments to make upon this resolution but first I would ask the Minister of Finance (Mr. Dunning), who gave us the actual amount guaranteed in Alberta last year, to give us similar figures for Saskatchewan. At the same time he might be good enough to give us the comparative acreage last year and this year.

Mr. MacLEAN (Prince): While the minister is looking up that information I should like to make a few observations. It is not very often hon. members hear the voice of the maritimes on a subject of this kind. But, as I said in the house the other day, we have a real shortage of seed grain in the province and in the county which I represent. It is

true that this matter has been taken up with the Minister of Agriculture and he has given it as his opinion that the shortage was not of sufficient magnitude to warrant the federal government coming to the assistance of the farmers down there. We notice now that the provincial department of agriculture have taken the question up and are endeavouring to bring in the seed grain and distribute it on the same system as is provided here, by guaranteeing the amount to the banks. I have here a letter, which has at this moment come to me in the mail, from the Robinson Milling Company, in which they state that there never was such a shortage of seed wheat in Prince Edward Island, that the seed which is there is positively useless to sow, and seed wheat will have to be brought in largely from western Canada. The local government have come to the assistance of the farmers; they are giving them credit for seed and are going to pay part of the freight on the hay and seed oats. But there is this big question of seed wheat for the farmers of that county. What is asked in this letter is whether this government would not at least consider paying half the freight or giving a reduced freight rate from western Canada on seed wheat.

The people of the maritimes have not been shouting about their disabilities in this respect. When our friends in western Canada were short of food I think no part of the dominion came to the assistance of our friends in western Canada with a better spirit than the people of the maritimes. In the little province of Prince Edward Island we loaded car after car with help to relieve the situation in western Canada. Now the people of my province are in a really desperate situation, such as they were never placed in before. I appeal to the minister and to the government to give this matter consideration. When parliament can vote or guarantee $16,400,000 for three years for the farmers of western Canada, surely a small request such as ours, which would not run to more than a few thousand dollars, and which would relieve our situation and enable our people to put in a crop, is worthy of consideration.

I do not think I need elaborate on the matter. It is a request which I am forced to make on behalf of the people I represent. I hope the government will come to our assistance and at least give us a little of the help they are so willingly giving to other parts of the dominion.

Mr. DUNNING: The matter raised by the hon. member for Prince (Mr. MacLean) is of course not one of financing. As he pointed out, the credit of Prince Edward Island is good; it has not been impaired by successive years of such conditions as have obtained in western Canada, and consequently the guarantee by the provincial government of loans for seed grain sufficient to ensure the financing. As to the question of freight charges, that will no doubt be dealt with by my colleague the Minister of Agriculture.

In reply to the question of the hon. member for Weyburn (Mr. Douglas), with respect to both provinces the guarantee provided for last year has not yet been formally given by the dominion, because exact information as to the precise number of dollars to be guaranteed is not yet complete in regard to all the municipalities. In the case of Alberta I spoke of the amount which was outstanding at the end of the year, but that does not mean that our guarantee has yet been made effective. It will be of course the amount they are ultimately shown to be entitled to.

In the case of Saskatchewan the amount authorized to be guaranteed by the statute was $6,600,000. The amount actually advanced in the form of seed and other items included in the vote was $6,524,000, and the amount outstanding in Saskatchewan as at December 31 last, which is the latest figure I have, was $6,498,000; that is, there had been a measure of repayment even in that province.

Mr. BENNETT: Amounting to $26,000.

Mr. DUNNING: Only a small amount, out of the proceeds of the first crop, which as hon. members know was non-existent over most of the area in which the seed was advanced. We expect to receive the necessary information from both provinces to enable us to give our guarantee shortly, and while I will not state positively that the amounts will be those I have just given, I am reasonably certain that if there is any variation the amounts will be less than those I have stated.

As to acreage affected, I am sorry I cannot give that information. That is of course provincial information. We may have it somewhere in our records, but I have not it before me.

Mr. DOUGLAS (Weyburn): Like the hon. member for Qu'Appelle (Mr. Perley) I deplore the lateness of the date on which this legislation is being brought down, in view of the fact that in some parts of the west farmers will be on the land within the next week or ten days. To discuss this legislation thoroughly might take some time, but anyone seeking information will be accused of holding up seed grain for the prairies. Surely we have known since last fall, and ever since this house met in

January, that seed grain was going to be required, and this legislation could just as easily have been on the order paper a month ago.

Mr. DUNNING: We had not the information from either province a month ago.

Mr. DOUGLAS (Weyburn): I am not blaming the Minister of Finance entirely. The provinces knew they would need this seed.

Mr. DUNNING: If my hon. friend will forgive me, it is a most laborious task to ascertain accurately what is required for such large areas. I can assure him that exact information has been received only within a week; in fact I had to withdraw the resolution and reintroduce it because of an error. I can assure my hon. friend that the matter has been followed up with both provinces as diligently as possible. As Minister of Finance I am not inclined to jump at a broad statement by any province that it needs *X* dollars. Frankly it is my duty to know the basis of the request and have it demonstrated in some detail. There has to be discussion back and forth. My right hon. friend has gone through it before—

Mr. BENNETT: And he also remembers what he endured from the opposition of that day.

Mr. DUNNING: I have no doubt he endured a great deal from all quarters. The hon. member for Qu'Appelle mentioned the same matter. I can assure him that in the process of getting the information upon which this very important legislation is based every effort was made to see that no interest suffered, and it is too early yet to say that anybody is going to suffer from any delay. So far as the finance department is concerned we have moved along in the normal way and as expeditiously as the sources supplying information would permit.

Mr. PERLEY: Does the minister state that there was no requisition made, say by February 1, by the provincial government giving details in respect of the number of bushels?

Mr. DUNNING: There has never been a requisition made at any time. The matter has been under discussion for, I should think, six months. With that aspect the Minister of Agriculture of course has been more concerned than I, but the moment the matter takes the form of a guarantee of so many dollars it becomes the concern of the Minister of Finance. It is with respect to that matter that I am speaking; but there never was any requisition at any time. The amounts here provided for are contained in letters from the provincial governments. In the case of Alberta the letter was dated March 5—

Mr. PERLEY: Did not the Minister of Agriculture meet the loan companies and the banks early in February in Toronto or Ottawa and discuss this matter in detail, and was not the requisition then discussed?

Mr. GARDINER: Yes, Mr. Chairman. As the Minister of Finance has just said, this matter has been under discussion for the last six months. In the first place it is necessary to secure sufficient quantities of the different types of grain to be used for seeding purposes. That is the first job to be done. In the second place it is necessary to invite everyone who has a real interest in the matter to see that seed is provided. As has been suggested by the hon. member for Qu'Appelle, some weeks ago I did interview the loan company representatives in Toronto, and discussed with them the extent to which they would be able to assist in putting sufficient capital at the disposal of someone so that seed would be put in on the land in which they have an interest. I must say that we have always found the loan companies, whether in eastern or western Canada, quite ready to do everything they possibly can to cooperate with governments in putting seed in any of the lands on which they have made loans, and this year has been no exception. As the Minister of Finance has said, as the result of those discussions the loan companies are providing somewhere between a million and a million and a quarter dollars for the purpose of putting seed upon lands in certain sections of the west in which they have an interest.

There were discussions also with the banks as to the extent to which they could assist in providing finances for the purpose of furnishing seed to farmers. There were also discussions with the municipal authorities—not the municipalities as such, but officials who have to do with the central organizations of municipal bodies—and there were discussions with the provincial governments. On a number of occasions I have interviewed members of the governments of both Alberta and Saskatchewan and we discussed the question very fully with them. It is always true that when you begin to talk in the first instance you start out with a much larger sum of money in mind than the amount finally arrived at as actually necessary to provide what is needed. But I must say that in both Saskatchewan and Alberta agreement was reached between this government and the two provincial governments as to the amount of guarantee required in each province.

The Minister of Finance has already explained that the amount of $14,500,000 for Saskatchewan is not the total that will be provided by the banks in order to finance seeding operations in that province. My understanding is that the $1,900,000 provided for Alberta will be the total, and this amount will be guaranteed in connection with that province. For the benefit of the hon. member from Alberta who spoke a few moments ago, while I am not in the habit of saying that newspaper reports are wrong, still the statement I gave in Alberta, which probably was misunderstood by some, was exactly the statement that has just been made by the Minister of Finance—that this was a guarantee; that the money required would be supplied by the banks to the municipalities, which in turn would supply seed to farmers whose applications were passed upon by the municipal organizations.

The other question raised, with regard to provision for live stock or for power in order to put in the crop, is not an immediate concern of this government. It is the concern of the provincial governments. The $14,500,000 guarantee for Saskatchewan, to be furnished the municipalities by the banks, is presumed to make available sufficient money to take care of all the activities the provincial government think it wise to pursue in order to assist in putting in the crop. As to the method that will be followed; as to whether it will be the encouragement of the old habit among the farmers—I think it is the habit in Saskatchewan as well as elsewhere—to cooperate as far as possible in making use of any power available in the community, whether it be tractor power or horse power, in order to put in the crop in that community; or whether it be by the method of providing fuel to some for tractor power and feed and fodder to others for horse power, I feel quite satisfied that the government in each province, in cooperation with the municipalities, will make what arrangements are necessary in order to see that the crop is put in. I believe, too, that the greater part of that cooperation will be among the farmers in different communities. The general practice has been that where a man has no horses, as a result of his horses having died, the government does give some assistance through this guarantee. That is, the man may be enabled to hire a tractor, perhaps, that is owned by some neighbour, and that is not in use. The tractor may be even in a village. The tractor is hired and the fuel is provided in order that the crop may be put into the ground. But all these activities are carried on by the provincial government in cooperation with the municipal councils, and I think that is the proper place to leave them.

The question whether or not horses have come back in poor shape is not one with which I can deal, other than to say that in all the checks I have been able to make—and I have been over quite a part of the area during the last few weeks—I have not found that great numbers of horses have died; I have not found that they are any poorer than they usually are after going through a year of this kind, in any part of the dominion. It is perfectly true that if you put a number of horses, cattle, or any other live stock into a box car and carry them three or four hundred miles probably you will have to take one of them home on a stone-boat, as the result of what they do to one another during the journey. You may even have to take one out that is not worth hauling home, but these stories are very much enlarged upon, and the checks we have been able to make indicate that the death rate among live stock this year is not materially greater than in any average year in western Canada.

Mr. DOUGLAS (Weyburn): The minister mentioned the difficulty of getting seed together. After all this is not a measure to provide seed; it is merely to guarantee amounts of money. The question of the seed hardly impinges upon the computing of the amount of money the government would have to guarantee. However, there is no use labouring the point. I do not say that any harm has been done anyone, but I do say that the lateness of the date makes necessary haste in passing this resolution, which makes it impossible, perhaps, to secure information one would like to have if one had more time in which to ask questions and to deliberate as one ought upon this legislation. I do not feel satisfied as yet in regard to the statement the minister has made, but I have no doubt he will want to enlarge upon it when the bill itself comes down. I should like to know what acreage will be affected and whether the Minister of Finance thinks this amount will be sufficient to meet the situation. For instance, I notice that the number of farmers in Saskatchewan who applied last year was 25,000, while this year the number is 81,000. Assuming that they will need the same amount of seed, that means that more than three times what was supplied last year will have to be supplied this year, whereas the bill provides for only a little over twice as much. On the suggested basis of 250 acres for 81,000 farmers, the total

would be 20,125,000 acres. At the price suggested, this would mean a figure between $28,000,000 and $30,000,000. I should like the minister to give us some idea as to whether the amounts we are guaranteeing will be sufficient to enable the farmers to put in a reasonable crop.

I think we are all agreed that moisture conditions in western Canada are better to-day than they have been for the past seven or eight years. Prices have improved, and with conditions in Europe what they are, they may be even better in the near future. It would be a tragedy if at this time the crops in Saskatchewan and Alberta were seriously curtailed because sufficient seed was not available to the farmers. I think we should have some information in connection with the suggestion of the minister of agriculture of Saskatchewan as to the maximum acreage for each farmer being 250. We ought to know whether that suggestion is acceptable to the federal government. Personally I think some other basis should be used. In and around the Regina plains, down through Yellow Grass, Riceton and Rouleau, you will find many farmers farming anywhere from one to five sections of land. If such a farmer has no seed available it may mean that he can put in only 250 acres. The result would be that a large part of his farm would be left to go into weeds. The farmer might not have the necessary fuel to operate his tractors—these farmers are all tractor farmers—in order to keep the weeds down and a serious situation might develop.

I suggest some other basis be used. I do not mean that these people should be given all the seed they want, but it could be worked out on a pro rata basis. A man with 200 acres would receive a certain amount, a man with from 200 to 500 acres would receive a certain percentage, and a man having over 500 acres would receive a percentage. Before the bill is brought down we ought to have some information as to the price to be charged. It has been suggested in Saskatchewan that the farmer will be charged between $1.40 and $1.45 per bushel. That is an exorbitant price and we ought to know just what will be charged. In view of the fact that this government is being asked to guarantee the money, we should have a clear statement as to how a man should go about applying for this seed and upon what basis his application will be accepted or rejected. We should know whether exceptions are to be made to the general regulations. When a man has been given a certain amount of seed by the municipal council we should know whether he can go to the inspector or to someone else and get that amount increased.

We should have particulars of the machinery that is being set up for the distribution of this seed. I think it would be well if the Minister of Agriculture had a copy of the regulations before him when the bill is brought down. Anyone reading the Regina and Saskatoon papers cannot help but be confused by the various suggestions and reports in connection with the regulations to govern the distribution of seed. A clear statement along these lines would help to clarify the whole situation, and I hope the Minister of Finance and the Minister of Agriculture will see fit to give us this information when the bill is in committee.

Mr. BENNETT: Mr. Chairman, it does appear to me that if this government is to give a guarantee we should know under what conditions we are giving that guarantee. The amounts indicated are $1,900,000 in respect of Alberta, and $14,500,000 in respect of Saskatchewan. Since we are providing the credit by which this money is being obtained from the banks, is it not desirable that full information be given? If it were not for the conditions to which the minister has alluded, it would not be necessary for us to pledge our credit. As the minister has properly remarked to the hon. member for Prince (Mr. MacLean) this is a matter between the provincial governments and the people of the provinces. If the credit of the provincial governments were good, we would not come into the picture at all. It is only because we in the west are unable to deal with the situation that we have to rely upon the credit of the federal government.

Has the seed grain already been provided? Was it secured last fall through the operations of the wheat board? Under what authority does the wheat board function? Was it permitted to buy only from producers? How has this wheat been held? At what price was it acquired? All these are relevant questions that should be dealt with. It seems to me that the government when in opposition would never have permitted a measure such as this to pass unless such information was forthcoming. I do not think the request is an unreasonable one. I have inspected the papers downstairs and I know what provision has been made to acquire this seed. I want to know what price has been paid for the seed grain and what price is to be paid by the farmer. There will be no great freight

charges to pay on this grain, because it has been taken over in the interior elevators, according to the returns made a week or so ago by the auditors of the wheat board. I think all this information should be in our possession.

Then you come to the far more difficult question, a question that in days gone by used to be dealt with in a very, shall I say, detailed manner. Some of those who have participated in this debate will perhaps recall their anxiety to know, first, how many acres a man was to be permitted to seed; whether he should have a percentage of his available acreage seeded to wheat, to oats, to rye and barley; or should it be fixed definitely that no man could seed more than a blank number of acres? To act on such a suggestion would be utterly unfair. A man with a thousand acres would be in a position to have cultivated only the same number of acres as the man with only the minimum number. Attention has been directed to this by the hon. member for Weyburn.

Then you come to the next question, the distribution of the seed grain. There you have a question which unfortunately gets into the realm of politics. When the legislation is before us in committee I propose to suggest that there shall be no departure from the regulations, which I would like to see as a schedule to the bill. I know, as other members know, human nature being what it is, to quote the language of the Prime Minister that you have to consider the pressure that will be brought to bear upon those who are responsible for administration. That pressure takes many forms. You have the municipality and you have the provincial government. The regulations are initiated by the provincial government and are supposed to be made effective by the municipality.

Then there are the inspectors. You have one man with 1,200 acres urging that owing to the splendid moisture content of the soil and the apparent certainty of a crop, an exception should be made in his case and a larger quantity of land made available for cropping than in the case of someone who in his opinion is less fortunately situated. Surely we should try to deal with that so as not to make it possible in this democracy that men may think that their ability to secure a crop depends upon their attitude towards public questions—in other words, depends upon their political faith. It seems to me we must do everything in our power to see that that is not the case. I know something of the difficulties. I did not listen to all the criticisms urged in days gone by without realizing that this is not a condition applicable only to one individual or set of individuals, but is the common attribute of poor, weak humanity, and that if an election is in sight and the pressure is strong the result is fairly certain. We must do something to prevent that condition arising.

These are the questions upon which we should have information. We start with what has been done with respect to seed and what is involved with respect to cost. Then we come down to our acceptance, mark you, Mr. Chairman, of the regulations promulgated by the province; for the minute we give our guarantee we tacitly admit that the conditions are acceptable to us. We have, therefore a responsibility which I hope we shall exercise not in any narrow spirit but with an earnest desire, as the Minister of Finance has said, to make some little contribution to the national welfare by the creation in this year of grace of a substantial quantity of new wealth—for that is what it means. One of the reasons why a wheat crop is regarded as so valuable is that you sow it in the spring and have new wealth in the fall. It is not like cattle, where the new wealth does not become available for years, or like many other enterprises, in the mining field, for example, where the losses are colossal and now and then you have a great success. But with wheat, if we have a crop at all, we know it will result in a very great expansion of new wealth, and that wealth becomes available in the autumn of the very year in which the crop has been sown. That is why I suggest that the minister should place the information on Hansard, in order that the people may realize the magnitude of the efforts that are being made and the reason why the public credit is being pledged, that of the dominion in addition to the provinces; because according to the terms of the resolution the provinces are giving their undertaking and the municipalities are giving theirs, and the banks are protecting their depositors —on a ten to one basis, I take it?—by the guarantee of the federal government.

Mr. DUNNING: There is no cash basis.

Mr. BENNETT: I see. Then it is probably a dollar for dollar basis instead of a ten to one basis.

I hope the minister will give us as detailed a statement as possible on the points to which I have alluded so that we may have the information before us when we come to consider the bill. The opportunity for discussion on the bill itself will not be great, because, after all, on the resolution the minister gives

a broad presentation of the case. It will be recalled that on one occasion this house sat for months dealing with a resolution, and it is very important that everything should be known when the resolution is before the house.

Mr. DUPUIS: As a member from the province of Quebec I think it is my duty, following the trend of thought in this discussion, to make public by putting on the records of this house the conditions and methods under which this government enters into the picture of giving guarantees to the provinces.

The Minister of Agriculture knows that we interviewed him about some cases in our province similar to those mentioned by the hon. member for Prince (Mr. MacLean). I just want to put on the record the methods followed as I understand them, and if I am wrong, perhaps the Minister of Finance will be good enough to correct me at the same time that he answers other members.

As I understand it, it is the duty of the municipality to come to the rescue of any group of farmers in the municipality, and when the municipality is unable to guarantee seed grain to the whole community in the municipality, the municipal council must ask help from the province.

Mr. DUNNING: Right.

Mr. DUPUIS: If the province in turn is unable to guarantee seed grain for such a large area as we have in the western provinces, and when the conditions run on for a certain period of years, the provincial government may ask the aid of the federal government.

Mr. DUNNING: Correct.

Mr. DUPUIS: And these are the actual conditions which have prevailed this year so far as Saskatchewan and Alberta are concerned.

Mr. DUNNING: Absolutely.

Mr. DUPUIS: I understand, and perhaps the minister will be good enough to make it very clear to the committee, that these two provinces did present a formal demand to the dominion government this year.

Mr. DUNNING: "Demand" is perhaps too strong. They made a request.

Mr. DUPUIS: Yes, a request. Has the minister received requests from other provinces, and especially has he received from the government of the province of Quebec, a request to provide seed grain?

While I am on my feet I am glad to say that I concur in the remark made by the leader of the opposition, that the providing of seed grain should not be conditioned upon a man's political allegiance or anything of that kind, but that so long as a farmer proves he is unable to buy his seed grain he should have it. I am pleased that the right hon. gentleman said that, and I should like to be sure that this expression of opinion by the right hon. leader of the Conservative party will be conveyed to the administration in the province of Quebec; because I recall that in the last by-election in Bagot the premier of the province of Quebec said to the electors of the county: "If you want seed grain, vote for the Conservative candidate; if you do not, then vote against him." He also said: "If you want old age pensions"—and remember, Mr. Chairman, that seventy-five per cent of the cost of old age pensions is paid by the federal government—"then vote for the Conservative candidate." And he continued to speak in that way. I am sure that the leader of the opposition would not endorse such statements. I wish to be fair to Mr. Duplessis: he did not say "Conservative party"; he said, "National party." Of course this is a camouflage characteristic of the policy followed by our opponents, but it means the same thing. I am interested to see that these conditions and methods are well known to the people of our province; for I would not consent that a large area of that province should be deprived of seed grain by the provincial government upon the excuse that this government refused to grant it.

Mr. DUNNING: The hon. member has correctly stated the conditions.

Mr. DUPUIS: I should like also that the premier of Quebec should put in his own mind the right conditions under which seed grain should be provided in Quebec by the provincial government.

Mr. DUNNING: I think I need not add anything to the remarks of the hon. member. I have previously stated the conditions under which the federal guarantee is available, and I am quite sure that the great province of Quebec would never admit that its credit is not good enough to enable it to supply anything which in its judgment should be supplied to its farmers. If and when the time comes that Quebec is in a condition similar to that of the two western provinces I have named because of conditions that are all similar, I am quite sure this parliament would give the same consideration to Quebec, and indeed to any other province, as it is now giving to these two western provinces.

I shall endeavour to reply to one of the questions of the leader of the opposition (Mr.

Bennett) with respect to the supply of seed. Others relate more particularly to my colleague the Minister of Agriculture (Mr. Gardiner) who will deal with them.

The leader of the opposition very properly wants to know what steps were taken to ensure that seed will be available. Well, last year it became apparent during the summer that another very serious drought was actually in existence in western Canada, particularly in Saskatchewan, and it speedily became apparent that unless steps were taken very likely there would not be available in that part of Canada in the possession of anyone a sufficiency of wheat to enable a crop to be sown during the 1938 crop season. Under these circumstances the government early last fall—I cannot give the exact date, but I believe it was in September—took stock of the situation and found that the wheat board at that date still owned wheat features to the extent of just short of seven million bushels.

Mr. BENNETT: Is that the old 1935 wheat? So it is stated downstairs.

Mr. DUNNING: As at the end of July, I should have said, was the date as to the seven million bushels.

Mr. HAYHURST: Futures contracts, were they not?

Mr. DUNNING: They were in the form of futures at that time, as was reported to the house a year ago in discussing this matter. The wheat committee of the cabinet, in conference with the wheat board, suggested that under the circumstances it would be desirable not to dispose of this amount of wheat futures, but that it would be desirable in the national interest, because of the very clear need that we could foresee for this spring, gradually to turn those futures into cash wheat of a kind suitable for sowing in the west this year and to hold it available for that purpose instead of continuing to sell it. That was done, and therefore the two governments of Saskatchewan and Alberta will be able to secure from the wheat board the wheat supplies necessary for the purpose and covered by the guarantee which we now have under consideration.

Mr. DOUGLAS (Weyburn): Does the minister mean that they will buy it from the wheat board?

Mr. DUNNING: They will buy it from the wheat board, yes. It will be paid for by means of financing here arranged for as the result of the passing of the legislation we now have under discussion.

[Mr. Dunning.]

Mr. BENNETT: They are converting the futures into cash wheat, and the wheat is being held against purchase for seed?

Mr. DUNNING: Yes.

Mr. BENNETT: That is the story, as I understand it. Is that right?

Mr. DUNNING: Practically so, yes. The question of price remains, and obviously that is a matter of some concern. It was very difficult to say, back in July and August and September last, what price should be charged by the wheat board to the provinces, and in turn to the farmers requiring it, for the wheat then held by the wheat board. Obviously one could pick out a particular day when the price was high and say that they ought to pay that much, or pick out a day when the price was low and say they ought to pay this much.

Mr. BENNETT: There was a heavy premium on cash wheat, though.

Mr. DUNNING: I know. I am inclined to take the view, and I was at that time inclined to take the view, that a fair adjustment of the price basis would be the average of the price from the 31st day of July last until the date on which delivery was taken by the provinces of the wheat. While that has not yet been definitely determined, it still seems to me to be the most fair and reasonable basis upon which the transaction could be based. There are of course other costs in connection with it. The wheat was not, when acquired by the board in exchange for its futures, in the position in which it will be required to be placed for the use of the farmers.

Mr. BENNETT: It was in the elevators.

Mr. DUNNING: There will be a distribution cost. In a great many cases it was not in the country elevators.

Mr. BENNETT: A good deal of it was.

Mr. DUNNING: It was in the interior terminals in certain cases.

Mr. BENNETT: I said "elevators." That meant both country elevators and terminals.

Mr. DUNNING: Oh, I see. I am sorry. In any event the country elevators in which it was contained were in most cases quite a distance from the area to which it must ultimately be distributed. The figure that has been referred to by the minister of agriculture of Saskatchewan is $1.45 a bushel. It will not exceed that figure, but it may be between

$1.40 and $1.45, calculated on the basis which I have indicated, plus the averaging of the costs of movement, which of course must be covered as part of the costs of the wheat.

Mr. DOUGLAS (Weyburn): Before the minister goes on, could he say what the provinces paid the wheat board for that wheat?

Mr. DUNNING: It is not paid for.

Mr. DOUGLAS (Weyburn): No, but on what basis will it be taken from the wheat board to the provinces? What will the provinces pay for that wheat?

Mr. DUNNING: They will pay whatever the price is—the average price. The price I am referring to in the whole of this discussion is the price at which the wheat board will turn the wheat over to the provinces. The wheat board is arranging already with the provinces for the distribution of it. So that, as I understand, the price to the provinces will be a delivered price. That is the arrangement that is being made—a delivered price at the point where it is required, covering all the costs of getting it there, and this will provide the basis for the price to the farmer.

Mr. ANDERSON: Is that wheat already deliverable to the provinces?

Mr. DUNNING: Is it "deliverable"? What does my hon. friend mean?

Mr. ANDERSON: Is it actually delivered to them at the present time?

Mr. DUNNING: No.

Mr. ANDERSON: Is it waiting until this legislation goes through?

Mr. DUNNING: There is no waiting, in this sense. Arrangements for the distribution of the wheat are proceeding. The title to the wheat cannot pass to the provinces and final distribution to the farmers be made until this legislation is passed, but the physical movement is going on, because everyone was quite sure, judging by the experience of a year ago, that parliament would approve of the distribution of that wheat for the purposes indicated. So that so far as the physical movement is concerned, it is now under way, though actual delivery to the farmer cannot well take place until this legislation passes, enabling the financing to be done, enabling the municipality to borrow the money to pay for the wheat; because while the province acquires the wheat the municipality is the borrower from the banks of the money wherewith to purchase it. So that these transactions are all now in course of mechanical preparation. The physical distribution of the wheat is proceeding, but, I repeat, the actual delivery to the farmer cannot take place until the necessary provision is made for the security.

Mr. PERLEY: This matter of price is a very important one. The minister said that it would be the average price; that is, the average price from the first of August until the wheat is distributed to the farmer, or when the province finally takes over the wheat from the board.

Mr. DUNNING: I should not like to be definite on that point.

Mr. PERLEY: Well, the minister mentioned the average price.

Mr. DUNNING: The difference will be slight between the two dates. I said that I believed a fair basis would be the average of the price from July 31 last until the date when the province takes delivery from the board.

Mr. ROSS (Moose Jaw): That is, on the seven million?

Mr. DUNNING: Yes, on the whole of the seven million. But what difference will be created over such a long period of averaging, the difference of a few days, will not, I think, be pertinent to the issue.

Mr. PERLEY: Perhaps the minister did not understand me. I want to know whether the average price is based on the price in the interior elevator or in the terminal elevator. Is it based on cash wheat at Fort William or on what the option cost the board? At the end of July, 1937, they held 6,900,000 odd.

Mr. BENNETT: It was 6,964,000.

Mr. PERLEY: What option did they hold it on? If it was in December they had to convert it before the end of December; if they held it in May, they would have until May 31. There was a great difference in the spread between the cash wheat and the option from the first day of August, 1937, to the middle of March this year. I have the daily prices here, option and cash wheat, and it is important to know just where they take delivery of the wheat. Surely it will be agreed that there should be a difference between taking delivery at Fort William and taking delivery on a contract in the interior elevator. That is quite plain, because if the grain had never been moved from the interior elevators but had remained there from the time the grain man bought it, there would be no freight charges. There might be some carrying charges, but they would not be more than

the carrying charges at Fort William, so that there should be some difference between street wheat in interior elevators and the Fort William price. The price on August 31 of cash wheat Fort William was $1.27, and May future was $1.21. A month later cash wheat at Fort William was $1.42—I will not give the fraction of a cent—and May future was $1.26, or a spread of 16 cents. At the end of August the spread was 6 cents. So that it had widened out 10 cents. At the end of October cash wheat was $1.38 and the option was $1.15, or a spread of 23 cents. On November 6 the figures were respectively $1.34 and $1.04, or a spread of 27 cents. In other words the spread between August and November widened from 6 cents to 27 cents, a difference of 21 cents. The spread has remained in the twenties pretty well up to the present time, and on March 15 it was around 24 cents.

The committee would like to know the reason for the spread between the option and the cash price, the reason for the widening out as soon as the board undertook the operation of converting their option into cash wheat. As I understand it, the 6,900,000 odd that they converted was all in the interior parts of Saskatchewan and Alberta. Can the minister give us the date when the provincial government first took over the wheat from the board?

Mr. DUNNING: We have not taken over wheat from the board.

Mr. PERLEY: Will the minister give us then the date on which the board first converted their option?

Mr. BENNETT: At the request of the government.

Mr. PERLEY: Yes, at the request of the government. We might be told also how many bushels the board held on March 15. How much wheat did the board hold in Saskatchewan which they converted? I have here an order in council dated December 15, authorizing the board to sell wheat to the provincial government. That was the first order, so that prior to that time they had no guarantee that the provincial government would purchase, and they were acting on arrangements made by the wheat committee of the government, the board taking a chance that the provincial government would eventually buy the wheat.

Mr. DUNNING: As regards the request for detailed information of the operations of the wheat board in this matter, I was careful to say when speaking of the average price that that was my view as to how a fair price basis could be arrived at. I did not say that it had been definitely determined, and I made no such statement because of considerations that are present in the mind of the hon. member for Qu'Appelle (Mr. Perley). Between now and the time when the bill is down for second reading and in committee, every endeavour will be made to arrive definitely at a conclusion. The matter is a very difficult and complex one. My hon. friend in his last few sentences asks how much wheat the wheat board was holding on this account in Saskatchewan as of March 15. He knows they were able to acquire mighty little of this wheat in Saskatchewan. If they had any in that province at that time it would be because, having been acquired, this wheat in the process of physical movement had been moved that much nearer to its ultimate destination. But the fact that it was in Saskatchewan on a particular date would not have any real meaning in relation to the transaction. However, we will endeavour by the time the bill reaches the committee stage, to have available the details the hon. gentleman is asking for. I see no reason why they should not be given.

Mr. BENNETT: They are given in part in these reports.

Mr. DUNNING: In part they can be deduced from the reports already tabled. When I say "deduced," I mean that the nature of the figures makes apparent the movement to some extent, but we have not the detail before us just now. It will be made available, together with such further information as can be given as to the method of averaging prices, when the bill is in committee.

Mr. PERLEY: I do not want to be misunderstood. The minister stated that possibly there was not 6,900,000 bushels of wheat in Saskatchewan. Is that when the board started their conversion operation?

Mr. DUNNING: I am sure it would be more difficult to turn the futures into cash with respect to wheat already in Saskatchewan of the quality required and in the geographical position required during that period. Part of it, yes.

Mr. HAYHURST: One of the great difficulties in Alberta, and the cause of much of the distress there, is the fact that the freight rates between there and Winnipeg are so high. We live in a marginal or in some cases submarginal area. Regarding the price of seed wheat, if the price were averaged with the Saskatchewan price, the Alberta price should be lower, because we have shipped the wheat east and then probably it comes

west again. If there was sufficient wheat in Alberta the price to the farmer in Alberta should be less the freight rate to these other points.

Mr. DUNNING: I shall bear that query in mind when we come to committee. My understanding is that a definite arrangement exists between the board and the government of Alberta in respect to it. At the moment I cannot answer as to the nature of it. It may result in a slightly lower price, but I do not think the difference will be material.

Mr. FINN: The Minister of Finance (Mr. Dunning) has just said he will bear the matter in mind. I have been waiting for some time to say something, and every other hon. member has had an opportunity before me. But that is neither here nor there. I was struck by the remarks of the hon. member for Prince (Mr. MacLean) this afternoon. I was also struck by the reply of the Minister of Finance, which could have been no other, that because certain provinces are in a stronger financial position than others they are to keep on borrowing until their own credit is exhausted, and the credit of the dominion should be extended to the provinces which have exhausted their credit and therefore have no financial standing with the banks and loan companies. It reminds me that it was once said that before you were, I am. Before the two new provinces of Saskatchewan and Alberta were formed, when they were territories, the maritime provinces were the eastern background and the eastern gateway of Canada to those territories, which at that time were a part of the general domain of Canada in which each province of Canada had its equity. Saskatchewan and Alberta were carved out of the territories, and we in the east had no objection whatever to its being done. Again we stood by and saw a strip of territory up to Churchill given to Manitoba. We saw the hinterland given to Ontario. We saw Ungava given to Quebec. We saw nothing given to Prince Edward Island, nothing to Nova Scotia and nothing to New Brunswick. The reason was that we were not adjacent to any such territory, therefore we could not grow and develop; and because we could not grow and develop we must remain as we are, stand on our own feet and maintain our position in this great dominion by our own financial credit.

It seems to me that this has been a rather black Friday. I have no reference to the hon. member on the opposite side, but I think it will be a black Friday if, as suggested in British Columbia, the territory of the hon. member for Yukon (Mrs. Black) is to be taken from her and added to the province of British Columbia, enlarging British Columbia to the detriment of the Yukon. I hope this will not take place as long as she has the ability and the physical strength to occupy a seat in this house.

Mr. HAYHURST: What has that to do with this matter?

Mr. FINN: My hon. friend asks, what has that to do with this matter? I wonder why he did not put that question to some hon. gentlemen a little while ago when they were talking about elections in Quebec and what Mr. Duplessis said. He was silent then; but when one is speaking intelligently and leaving the political aspect entirely out of the picture he is taken to task by some hon. gentlemen opposite. Hon. gentlemen opposite have only themselves to take to task for having taken me to task because it does not matter to me whether they take me to task or not. All I say is that we in the east are told, as was pointed out by the leader of the opposition the other day, that the greatest lobbies are going on in this parliament that have taken place for some time. The reason I referred to its being black Friday was that they are lobbying to-day on the air and by telegraph. There are two matters in which the maritime provinces are interested, and while there may be an inherent right in the ministers to act, they shall not act before there is an opportunity for every interest to be heard. I refer to the question of the beam trawler and to the removal of the dumping duty on sugar from Cuba.

The CHAIRMAN: Order.

Mr. FINN: I have said all I desire to say, Mr. Chairman, and I shall sit down.

Mr. GARDINER: In answer to the question asked by the hon. member for Weyburn and enlarged upon by the leader of the opposition, I may say that in Saskatchewan they have a Seed Grain Loans Guarantee Act of 1938, which was put through in the recent session. The procedure under that act is this. First the municipality passes a by-law which will enable it to borrow money for seed grain purposes. A copy of the by-law is submitted to the minister of municipal affairs for approval. After approval has been given the municipality approaches the bank and arranges for a loan, giving as security for repayment its demand promissory note bearing interest at the rate of four per cent. Second, the municipality takes from the recipient his demand promissory note as well as a written agreement for a lien upon all crops to be grown during the year in which the note is

given and the succeeding year on the land named in his application. Third, the rate of interest to be charged farmers by the municipalities is not stipulated in the Saskatchewan Seed Grain and Supply Act. My understanding is that if there is any increase added it will be just sufficient to pay the cost of administration, and that the final rate when payment is made will be four per cent.

Mr. BENNETT: They make no profit.

Mr. GARDINER: They make no profit. Fourth, the secretary-treasurer of each municipality is obliged to register each lien agreement and on or before October 1 of each year must prepare and forward to the minister of municipal affairs a return showing the names of all persons to whom advances have been made, and the amounts thereof. Fifth, provision is made in Saskatchewan legislation to give similar assistance to farmers in the local improvement districts which are administered by the minister of municipal affairs. Sixth, (a) the committee of the cabinet and the inspector for the district determine the amount of seed grain and supplies that a municipality may advance; that is, the cabinet in Regina decides the amount that each municipality can advance within the municipality. (b) Saskatchewan legislation provides that the municipality shall not advance in any year seed grain and supplies of a greater value than $200 in respect of any one quarter section. (c) On farms of 320 acres or less of cultivated land not more than sixty per cent of such acreage is to be sown.

Mr. BENNETT: Is that a statute?

Mr. GARDINER: That is provided by law. Then (d), on farms over 320 acres of cultivated land, fifty per cent thereof may be sown up to a maximum of 250 acres; that is, no one can sow more than 250 acres as a result of having obtained seed from the government.

Alberta has a slightly different arrangement, though the same in principle. In Alberta under the Seed Grain Loans Guarantee Act of 1938 the procedure is as follows. First, the Agricultural Relief Advances Act of Alberta provides that each municipality shall make provision to the satisfaction of the minister of municipal affairs for furnishing to necessitous farmers seed grain, fodder, feed grain, fuel oil and lubricating oil. A provincial order in council is passed authorizing the municipality to make a loan for such purpose. Then the municipality gives a demand note to the bank bearing interest at a rate not greater than four per cent for any such loans so authorized, and the municipality takes from the recipient his promissory note bearing interest at the same rate. A lien is taken from the farmer by the municipality upon all crops grown in the year in which the advance is made and in the next ensuing three years. Provision is made in the Alberta legislation to grant similar assistance to necessitous farmers in municipal districts, by the minister of municipal affairs.

The amount of seed grain that may be supplied to any applicant, together with any seed grain which he is able to provide for himself, is set out as follows: If the applicant has arable land in condition for seeding amounting to 50 acres, he gets seed for 50 acres. If he has 100 acres he gets seed for 75 acres. If he has 200 acres he gets seed for 120 acres. If he has seed for 300 acres he gets seed for 165 acres, and of course that includes any seed he has of his own. If he has 400 acres he gets seed for 210 acres; if he has 500 acres he gets seed for 255 acres, and if he has 600 acres he gets seed for 300 acres. If the acreage of arable land in condition for seeding is other than an amount mentioned above, the acreage for which seed may be advanced is to be calculated upon the basis of the foregoing figures; provided further that no seed shall be supplied to any applicant in excess of the amount necessary for seeding 300 acres of land. Those are the provisions of the Alberta act, and they compare closely with those in the Saskatchewan act.

Mr. HAYHURST: If a farmer has his own seed for one hundred acres would that be deducted from the amount he could sow, or would it apply as something extra?

Mr. GARDINER: So far as the guarantee is concerned in Alberta, since it covers one hundred per cent I presume the provincial government will not go any further in relation to that matter; or will the banks with regard to any obligation that we have. In Saskatchewan in view of the fact that the guarantee covers less than eighty per cent of the total amount—I think it is about seventy-seven per cent—these figures may not cover the total amount that may be supplied by the banks for feed and seed. In other words, while the maximum figures are 250 acres in Saskatchewan and 300 acres in Alberta, the maximum will be fairly close if the banks advance more than the amount which is guaranteed.

Mr. BENNETT: He gets seed for only 300 acres if he has 600 acres of arable land?

Mr. GARDINER: Yes, not more than 300 acres in Alberta, even if he has more than 600 acres of arable land.

Mr. DUNNING: But the amount in Alberta includes any seed the farmer may have.

Mr. HAYHURST: I do not know whether I got the answer correctly or whether the minister misunderstood me. Suppose a farmer can get seed for 300 acres under this guarantee and he has 400 acres that he wants to seed. He has enough of his own seed for 100 acres. Can he still get seed for 300 acres?

Mr. GARDINER: As I read the Alberta act and as it has been outlined to me in this memorandum, which is really a summary of it, if a man has seed in his bin for say 100 acres he could get enough to seed an additional acreage up to 300 acres.

Mr. BENNETT: But he could only get seed for another 200 acres?

Mr. GARDINER: Yes, for another 200 acres. The total amount of seed, both what he has in his bin and what he gets under this guarantee, would be only sufficient to seed 300 acres.

Mr. DOUGLAS (Weyburn): Then under this scheme any seed the farmer had would be deducted from anything he would be allowed?

Mr. GARDINER: There is no provision for that in the Saskatchewan act. That is purely a matter of administration, and I should not like to say what would happen. I have a fair idea of what I would say if I were administering it, but it is being administered in Regina.

In regard to the other question, as to whether sufficient has been supplied, which I think was raised by the hon. member for Weyburn, I do not think I can go further than to say this: Last year we had a great deal of discussion with regard to that same question, as to whether a guarantee of $6,600,000 was sufficient to cover the needs of the province of Saskatchewan, and as to whether $1,600,000 was sufficient to cover the needs of Alberta. After considering it from every point of view, and with all the information we were able to place before the house, I think hon. members finally were satisfied that this was as near as we could come to a sufficient figure. We have followed exactly the same procedure this year in trying to arrive at a proper figure, and I think we can say that there is sufficient provided under the guarantee to make it possible for farmers to seed their land this year, to the extent that governments can be expected to assist in providing seed. I heard very little complaint last year after the seeding was all over, and I may say that in Saskatchewan hardly all the guarantee was used, while in Alberta considerably less than the guarantee was used. So with that experience behind us I think this year it will be found that we will have pretty much the same experience.

Mr. DOUGLAS (Weyburn): But they did not restrict it to 250 acres last year. The farmers on the large tractor farms on the Regina plains, and down through my constituency, seeded more than 250 acres.

Mr. GARDINER: Speaking from memory I think it was the same last year; there was a restriction, and I think it was 250 acres. The schedule is slightly different this year, but not greatly.

Mr. DOUGLAS (Weyburn): Was any attempt made to have some standardization as between the Alberta and Saskatchewan regulations?

Mr. GARDINER: No, nothing more than that the two legislatures put through their legislation at about the same time, and naturally they compared notes and tried to make legislation conform as nearly as possible.

Mr. BENNETT: Did not the federal government give them any suggestions about it?

Mr. GARDINER: In discussing the matter we suggested from time to time that we preferred to have the regulations and legislation as nearly alike as possible. Different conditions, of course, require different treatment.

Mr. BENNETT: Did the federal government make any suggestion as to that?

Mr. GARDINER: Nothing more than in the discussions we had. The one matter called attention to the other.

Mr. QUELCH: Are these regulations which are imposed by the provincial governments imposed in order to comply with certain federal limitations?

Mr. GARDINER: There is nothing in any of these regulations or in any of these agreements that will prevent a province from going as far as they wish in providing assistance to farmers. The representatives of the provinces came to Ottawa and made their requests. The requirements were discussed and we tried to arrive at an agreement as to the proper action to take. As has been stated already, so far as Alberta is concerned the amount guaranteed is the amount asked for in the letter to the government suggesting that assistance was required. We checked up and found that that conformed very closely with the information we had. In so far as Saskatchewan is concerned, we had discussions about the matter and finally arrived

at the figure placed in the guarantee. Of course, there was an understanding with the loan companies and with the banks that considerably more than the guaranteed amount would be supplied in Saskatchewan.

Mr. PERLEY: Did the municipal organizations not take the matter up and suggest that the amount be increased? Have representations not been made as to increasing the 250 acre stipulation?

Mr. GARDINER: I have no information with regard to that. I have heard rumours and have seen statements in the press to the effect that some people were not satisfied, but that has not been communicated to me officially. In further answer to the question, I might say that the municipalities did make representations that we make provision for all that was necessary.

Mr. DOUGLAS (Weyburn): It seems to me unfortunate that the same basis could not be applied in both provinces. In Alberta there is a sliding scale, whereas in Saskatchewan the maximum is fixed at 250 acres. In view of the fact that this government must approve these regulations, would it not be possible to arrange that there be a similar sliding scale in Saskatchewan to permit farmers with large farms to obtain a greater amount? It might be arranged that fuel would be provided in order that they could keep down the weeds. Otherwise we shall have a serious condition where a man with a farm of 1,000 or 1,500 acres has only 250 acres in crop and the rest going into weeds on account of his having neither horse power nor tractor power to keep the land in shape.

Mr. GARDINER: In connection with the point first raised, I would suggest that in the case of Alberta the amount assumed to be required is estimated on a bushel to an acre basis, whereas in the case of Saskatchewan it is estimated on the basis of a bushel and a quarter to an acre. This means that the amount allowed to the different acreages will work out about the same aggregate amount of wheat for the maximum acreage.

Mr. FAIR: Where grain can be purchased locally, will those coming in under this guarantee be allowed to purchase in that way, or must they accept the seed from the wheat board at the higher price?

Mr. DUNNING: There is nothing to prevent the province from working the matter out in that way.

Mr. BENNETT: I note by the last report that there was in the country and interior elevators a total of 4,625,840 bushels already delivered and converted, and 2,338,166 $^{55}/_{100}$ths bushels still out on open purchase contracts. That seems strange in view of the necessity of having the grain converted, but probably it is in a position where it can be converted very quickly.

Mr. DUNNING: I cannot answer as to that.

Mr. BENNETT: I was referring to what was said a moment ago as to the availability of the crop. It would seem obvious that they probably have it in a place where it can be easily converted.

Mr. DUNNING: I can suggest an explanation which my right hon. friend will appreciate from his knowledge of the grain business. If I were handling this transaction, my chief concern would be lest we put the cash premium entirely out of sight. It must have been a very difficult operation and we shall have to answer for it.

Mr. PERLEY: The weekly reports to the grain commission would show what there is in the country elevators. I think there is more than that according to the last report.

Mr. DUNNING: We shall check up on that. A great deal of the stuff in the country elevators is not fit for seed.

Resolution reported, read the second time and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 78, to assist the provinces of Alberta and Saskatchewan in financing the cost of seed and seeding operations for the crop year 1938.

Motion agreed to and bill read the first time.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Departmental administration, $425,720.

Mr. DENTON MASSEY (Greenwood): Mr. Chairman, I am sure that those of us who listened yesterday to the minister would wish to congratulate him upon the clear statement he made concerning the general matters under discussion. All of us who take part in this debate must realize that we are dealing with what is one of the most important questions and at the same time the most contentious problem before the country to-day. We cannot be insensible to the implications and the far-reaching nature of the questions under consideration at the moment. We

should keep definitely in mind the fact that there is a strange unreality in ignoring the present unsettled state of the world. We cannot be blind to facts which are apparent, facts which tend to unsettle the minds of men as well as the stability of nations.

There is no hon. gentleman sitting in this chamber who does not thoroughly abhor war and all that it embodies and suggests. We have had an experience, still too fresh in mind, which indicates to us that victory is hollow and is a name applied to a state of affairs for lack of a better term. As the Prime Minister of Great Britain stated yesterday in the British House of Commons, in war there is no winner. No matter what one's personal feelings may be, there is nothing to be gained by burying our heads in the sands of whatever doctrine we wish to subscribe to; there is no use in burying our heads in the sands of north America and blinding ourselves to stark realities. We may detest the idea of armaments as such, and we may be loath to enter into any extended program to reestablish the defensive arms of Canada. It may shock our sensitivities and it may do violence to our sense of the fitness of things, but the fact remains that we are compelled in this chamber to face cold-blooded facts. In the words of Woodrow Wilson: "We are not here to argue what we want to do but what we may have to do."

No one could possibly accuse Great Britain of having been responsible for the rearmament race that is going on in Europe and the rest of the world at the present time. No one can possibly say that she, of all nations, has not lived up to the responsibilities that were hers as a member of the League of Nations. No one can possibly accuse her of having departed from her commitments until other nations forced her so to depart. Certainly no one can accuse us in Canada of having been irrational in the volume and extent of our expenditures on armaments. But, Mr. Chairman, we are compelled in 1938 to face the cold-blooded facts of the situation.

The matter under discussion on these estimates cuts cleanly across party lines, and in such remarks as I have to make I am speaking not in any political sense, but as a Canadian to my fellow Canadians. I shall address my remarks particularly to the Minister of National Defence (Mr. Mackenzie) in the earnest hope that, coming, as they do, subsequently to his most able speech of yesterday, he will give them every consideration for what they may be worth.

First, may I quote his words as reported in Hansard at page 1650, and with his permission digest one of his paragraphs and make it more definite. He said:

> When, sir, as we do now, we contemplate the broad principles of Canadian defence, and endeavour to define with some particularity the responsibilities that rest with governments, Canada must be prepared for the preservation of the best there is in these three nations—

That is Canada, Old France and Great Britain.

> —and the best there is within her own boundaries—the best there is in democracy itself—to take her stand, if need be, against brute force and might and ruthlessness, and, if need be, for high purposes to endure sore travail.

There is a statement which, taken by itself, means that the minister who made it at least has a sense of the needs of the situation. On the other hand, when we put into juxtaposition with that statement the estimates which are now before the committee, there seems to be a strange inconsistency. Let me put it bluntly to him: Are we prepared to defend Canada or are we not? If we are going to try to defend Canada with a defence that is adequate, the estimates before us for 1938-39 are sadly inadequate. If we plan to temporize with defence, perhaps these estimates are adequate. If we are not going to defend Canada at all, then clearly these estimates are vastly in excess of what they should be.

The hon. member for London (Mr. Betts) last night gave a most able presentation of his particular point of view in this matter, and I hesitate not at all to congratulate him sincerely upon his speech. He brought to the attention of the committee the necessity for us to defend particularly our harbours. The line of argument which he pursued was a telling argument. He suggested to us with great clarity that after all we were peculiarly vulnerable in such ports as Halifax, Saint John and Vancouver, and he insinuated though he did not directly state it, that these harbours could be attacked, and that we are at the moment absolutely defenceless and without protection for them and all that they represent. We know full well the vital necessity of those ports in time of war. We know full well how any Atlantic fleet would depend upon its ability to secure supplies, fuel and the like in such harbours as Halifax and Saint John, and how any Pacific fleet would lean heavily upon the harbour of Vancouver.

If we examine our own geographical position, we realize that an attack upon Canada could be made successfully only by air or by

sea. We may, I think, safely assume that any attack by land from the country to the south of us is an absurd possibility even to contemplate, and accordingly the defence of Canada is at once confined to our harbours on the Atlantic coast in the east and to our harbours on the Pacific coast in the west; and the two coastlines. But no longer can we think of an attack as coming only from the sea. We must think of the air, and if we think of the air, then we find at once that the whole width of our boundaries should be defended. We have not 3,500 miles of border to defend with forts and batteries; but we do have our two coastlines as I have mentioned, and these two coastlines, it seems to me, can be defended at a relatively low cost.

I noticed from the minister's remarks as reported at page 1647 of Hansard that he gives us a word picture of our existing air defences. When one reads his statement, one is at once impressed with the fact that the locations of our training air fields have been well chosen, and if one did not know the actual facts as divorced from the picture he gave us, one would say that much has been done in Canada in the way of aerial defence. When we consider that we have training fields at Trenton, Vancouver, Esquimalt, Kamloops, Yarmouth, Sydney, Rockcliffe and other places, it would seem that the whole of the dominion has been fairly well covered with airfields. On the other hand, when one realizes the amount that has been spent on these airfields, the number of men with which they are staffed, the number of hours flown, and the number of persons who are being trained, one realizes how pitifully small is the Royal Canadian Air Force.

One does not criticize the air force for what they have done under the handicaps under which they have worked. One is, on the contrary, happy to think of what they have contributed so far, but naturally they have been grossly handicapped by lack of adequate equipment and by the small amount of money which they have had to spend. We must realize that all these things cost money and that naturally any government, which had to face such conditions as have existed and are existing in Canada, is loath to spend money on anything so contentious in Canada as armaments are, or as an air force is at the present time. On the other hand, we must realize the facts of the matter. When we realize that we have only a few aeroplanes—six, eight or ten at the most; I do not know what the exact number is—that will fly over 280 miles an hour; that we have absolutely no bombers—I think I am correct in saying that—and that we are not prepared not only to defend an attack on our borders but also to repel the attacker by means of a counter attack, then we must realize that what we have done is hopelessly inadequate to meet the present situation.

Mr. MACKENZIE (Vancouver): May I correct a misapprehension? We have no aeroplanes of that speed at the present time, but eighteen are under order.

Mr. MASSEY: Well, then, we have yet to fly 280 miles an hour in Canada; the situation is even worse than I thought. We have some training ships that are incapable of a speed of more than 110 miles an hour, ships which would merely clutter up the air in case of any complication, and which would certainly be useless in any active engagement. I do not think the minister heard a remark I made a moment ago. We have no bombers in our air force, have we?

Mr. MACKENZIE (Vancouver): Not yet completed, no.

Mr. MASSEY: We are at the moment in the process of purchasing ships for the Trans-Canada airways. They are certainly not wartime ships. Yet, if anyone goes to any country in Europe to-day he will find that all the passenger ships are bombers in fact as well as in name.

Mr. BENNETT: Convertible.

Mr. MASSEY: When one steps into one of the Imperial Airways liners, he is not on board a passenger ship, he is on board a military plane which has been adapted for peacetime flying. We are about to embark upon a large expenditure for Trans-Canada airways.

Mr. TAYLOR (Nanaimo): Are not these Lockheed-Electras fitted for bombing?

Mr. MASSEY: They are very small as compared with the modern bomber. Their lifting load is very small and their speed very slow compared with the bombers flying on passenger air routes in Europe to-day; also, as the hon. member for Royal (Mr. Brooks) remarks, they are obsolete for that particular purpose.

It seems to me that we are challenged not only to build up an air force for the defence of this country but to build up that air force ourselves. The Canadian pilot has demonstrated that he is the finest in the world. That was said by the hon. member for Parry Sound (Mr. Slaght)

last evening; it has been said over and over again in this chamber, and it is an established fact. We are the finest pilots in the world, and we should know more about flying than anyone else in the world. We should be able not only to fly ships but to build them as well. Only the other day I noticed that a factory is to be erected at, I believe, Malton—the hon. member for Peel (Mr. Graydon) is thumping his desk—for the manufacture of planes. Why cannot we in this country develop an aeroplane industry of our own? Why cannot we build those ships which we are to fly in our own air force? Why should we have to buy them outside? Why should we be in the position to-day that we go to the United States to purchase from them the ships for the Trans-Canada airways?

Mr. MACKENZIE (Vancouver): In the defence services we are building practically all our own airships.

Mr. MASSEY: What is the capacity of the plant?

Mr. MACKENZIE (Vancouver): It is more or less in the experimental stage. I think six different firms are contracting.

Mr. BENNETT: All the engines are imported.

Mr. MACKENZIE (Vancouver): The engines are all imported, yes.

Mr. MASSEY: It is not a complete plant of itself?

Mr. MACKENZIE (Vancouver): No.

Mr. MASSEY: It is in part an assembly plant?

Mr. McIVOR: May I be allowed to give just a little information?

Some hon. MEMBERS: Order.

Mr. MASSEY: I am perfectly willing that the hon. member should do so, but he can make his speech later.

Mr. McIVOR: We have in Fort William an aeroplane factory which is at present employing 334 men, most of them experts.

Mr. MASSEY: I am glad to hear from the hon. member for Fort William that in that part of the world they are as air-minded as he says. On the other hand, with all due respect for what is being done at Fort William, I am speaking not of smaller efforts but of the large effort. If we are to have an air force in this dominion and to make the ships that we require, we shall not do so with 340 men in this factory or 120 men in a factory somewhere else. In other words, what plans, if any, has the government in mind toward building our own ships in this dominion? What has the government in mind as regards the building of anti-aircraft guns? What has the government in mind toward either the purchase or building of the new pump gun? What has the government in mind toward the expansion of our ordnance facilities? We must realize, facing the facts as we are compelled to do, that in the event of war we must be able not only to put a fighting force into the air but to maintain it in the air. The whole question, then, is one not only of creation but of maintenance as well.

So I repeat that we must face the facts of the situation, a situation which we have had no part in creating. We are, if I may say so, innocent victims in a world of turmoil and strife, a world in which the existence not only of some nations of the world but of the empire itself is threatened, and of that empire we are definitely a part, and not only, let it be remembered, a traditional part but an economic part. Does any hon. member believe that our association within the empire is purely a traditional one? Where should we be were we a little country on our own in the northern half of the north American continent? What would happen to us in our present standing if we were to be attacked? We cannot be blind to the fact that the land-hungry nations of the world regard this dominion of ours as a juicy morsel on which to seize, and land-grabbing is not altogether unknown in these days. Japan has seized Manchuria, now Manchukuo; Italy has seized Ethiopia; Germany has seized Austria; Czechoslovakia hangs in the balance, and to-day Japan engages in another life and death struggle with China.

What is to happen next? Would any hon. member venture to rise in his place and say that there is to be no more of this; that this is the last; that we are through? Are we to be like the grasshopper in the fable who danced and sang, taking no thought of the winter to come; or are we to face, as I have said several times already, the facts of the situation? By no possible manner of means can we legitimately close our eyes to the situation which exists in Europe and which increases in seriousness, which hereafter may become less serious or may become more so. I think I understand the point of view of those living in various parts of the dominion who shun war and say that we should have no part in it because it does not concern us. But it does directly concern us if Victoria and Vancouver are laid in ruins, if Halifax and Saint John and even Quebec city are destroyed from both the sea and the air.

The government, I fully admit, faces a difficult situation. But it seems to me that the minister in his estimates has endeavoured rather to save the face of the government than the body of the people. In other words, is this a policy of how little can we spend and get by, rather than how much do we have to spend in order to have security? I take second place to no man in deploring expenditure for defence; but when that expenditure has been definitely shown by the trend of the times to be necessary, perforce we must face the situation as it is and lay aside our individual feelings for the sake of the nation, looking at the broader panorama in its full width and implication.

Let us look for a moment to our sister dominion, Australia. We were told in the press of yesterday that $215,000,000 are to be spent in the next three years by a country whose British-born population is not more than half our total population. Two hundred and fifteen million dollars will be spent in three years by one of our sister dominions. As the hon. member for London pointed out last night, Australia is spending for defence $4.30 per capita as against our $1.41.

Mr. MACKENZIE (Vancouver): We in Canada are up to $3.11 now.

Mr. MASSEY: As against Great Britain's $14.14.

Mr. MACKENZIE (Vancouver): Yes.

Mr. MASSEY: We cannot maintain our position as a nation and depend upon any sister nation, no matter how friendly that sister nation may be. We cannot possibly retain our status as a nation if we are going to lean upon one that is not part of us.

Mr. MARTIN: Why not?

Mr. MASSEY: The reason is perfectly obvious. A mother will look after her daughter without any expectation of reward, but cousins do not look after cousins on the same basis. That is the answer in a nutshell, as the hon. member for Essex East well knows.

Mr. MARTIN: No, I do not.

Mr. MASSEY: We cannot rely on the fleet of another nation to defend us. Does the hon. member suppose for a solitary moment that the fleet of the nation to the south of us, no matter how friendly that nation may be, is going to rush up the Atlantic seaboard for the protection of Halifax? Does any hon. member think for a moment that its fleet on the Pacific is going to engage the fleet of Japan or some other nation that chose to attack Vancouver?

Mr. MARTIN: No question about it.

Mr. MASSEY: Do hon. members realize the strength of the Japanese navy and to what that might lead as far as the United States is concerned?

How exceedingly anxious we were a short time ago to develop our status as a nation. As the minister pointed out yesterday, what he called "the Balfour formula" was acclaimed by many Canadians as establishing this dominion as a nation. Some of us have rejoiced in that fact; some of us have acclaimed from the housetops the fact that we are a nation. Are we then prepared to stand on our own feet or are we not? That is the question. Can we hope to preserve our entity as such and not be prepared to defend ourselves? There is no longer a north Atlantic fleet of the British navy. Let us not forget that fact, and let us not forget either that aeroplanes fly faster than ships plough the sea, and that a warring aeroplane is not like an aeroplane carrying passengers. A warring aeroplane does not have to get back; its job is to go to its appointed destination and drop its bombs; and after it has done its work, as one of the horrors of war, does it really matter whether it gets home? It sounds ghastly, but that policy was demonstrated over and over again by the enemy in the last war. Airships now fly the Atlantic one way, and it may not be long before the range of these ships will be such as to enable them to return to the field from which they took off or to an aeroplane carrier far at sea.

In the last war we did not experience hostilities within our own borders; in the next war there is no guarantee against that. Whereas there were some who said that the cry of the defence of one's home was a futile argument in 1914, that argument at least holds good to-day. The danger in which we live in this dominion is not the danger of being compelled to send an expeditionary force across the sea, but the danger of having our own homes destroyed by attack from the air. Let it not be considered as idle talk to-day to refer to the defence of our own homes, particularly the homes of those who live in our seaports. Air attacks are not unlike accidents; you do not know that you are going to have them until they happen. It was only a few years ago, as hon. members will recall that we looked up into the sky one day and saw some twenty planes, bearing the insignia of Italy upon them, flying through the air on their way to Chicago. True, that was a peaceful mission, but some of us wondered that day how long it would be before bombing planes of some enemy of the British commonwealth might be flying through Canadian air on other than a peaceful mission.

I urge the minister, with all the earnestness of which I am capable, that in his estimates he give consideration not only to the point of view of how little we can spend to save our face but to the point of view of how much we must spend in order to save the body of this nation.

Mr. THORSON: Will the hon. member indicate how much we should spend?

Mr. MASSEY: I am not a military expert any more than the hon. member for Selkirk, but I am discussing preparation in the face of the possibility of war. I am not here to state how much we should spend. The hon. member, however, knows quite well, living safely ensconced in the heart of the dominion, that he has nothing to be afraid of from the air. But how about those who live in Vancouver, Victoria, Halifax and Saint John? Their situation is entirely different. I can readily understand why the hon. member for Selkirk should have the point of view he has, but he does not face the situation which those who live on the seaboard must perforce face.

I implore the minister to look upon these estimates in the broadest possible way. In the light of his own statement of yesterday afternoon, with which he concluded his remarks, the possibility of war is not so remote that we can afford to ignore it and leave our policy to be decided after the guns have begun to thunder. We must face the possibility, as horrible and all as it is, that Great Britain may become engaged in another life and death struggle. We must try to visualize what it means to each one of us as Canadians, if Great Britain were to be defeated in such a struggle; yes, and to visualize as Canadians what would happen to us were we to be directly attacked. Every hon. member of this committee must face these decisions as an individual, and we have a right to require that our government should face them as a government.

Flights on the wings of oratory, arguments dressed up in all the detail of which every language is capable, and the subtlety of words, do not remove the fact that we are living in a wicked world wherein man is prepared to use force against his fellow man. All the sincere piety in the world is valueless when hostilities break out, and the arm of the invader is stronger than the arm of him who is merely pious. Again I urge the minister that, in the name of this dominion which we love; in the name of all the liberty and privileges that are ours as members of the British commonwealth; in the name, not merely of traditional loyalty or of effervescent patriotism, but of common sense, we face facts fearlessly and plan our course, not under the urge that inspires military aggression but under our desire to be a nation, in fact as well as in name, ready and prepared to defend our shores and our homes against the ravages of a ruthless invader. Let us give thought, then, not to any hectic higgledy-piggledy expenditure of large sums for a navy, for an army and for an air force, but to adequate and reasoned protection against the only possible attack to which we are subject, namely, from the air or the sea, and let us have a permanent land force trained and equipped to meet any emergency which may arise.

Mr. C. G. MacNEIL (Vancouver North): I wish to express appreciation of the decision of the minister yesterday to precede his estimates with a statement as to general policy and to permit the discussion to cover a wide range. I feel that the statement he made yesterday will do much to allay unnecessary criticism and to give a better perspective of the intentions of the government. I am bound to say, however, that his statement does not answer all the questions, the anxious questions that are being asked by the Canadian people at this time. In this group we have withheld criticism until after the delivery of the minister's statement. We have given that statement some consideration. We appreciate the difficulties of the government in dealing with these questions. We are not unmindful of our responsibilities, and for that reason I do not intend to use any reckless language; for I fully appreciate the gravity of the situation confronting the Canadian nation at the present time.

The Prime Minister (Mr. Mackenzie King) has reminded us not once but several times of our responsibilities. But I would point out that the responsibilities of the minister at this moment are even greater. He is aware of facts in regard to international affairs; he is aware of the decisions as to British government policy which have not yet been disclosed to the Canadian House of Commons. I would be the last one to suggest that he should take a meddlesome attitude toward international affairs, or toward British policy, but I think it most important that he should deal definitely with some doubts and uncertainties which are in the minds of the Canadian people. Let us be under no misapprehension. In spite of all that the hon. member for Greenwood (Mr. Massey) has said the Canadian people most earnestly desire peace and they intend to work for peace.

In my opinion it is the minister's responsibility to define more clearly Canadian policies, to give Canadian opinion courageous leadership and to provide a satisfactory basis upon which to unify Canadian opinion. May I suggest to him that this desirable result cannot be attained by any attempt to pacify the imperialists on the one hand or conciliate the isolationists on the other. As I view the question, unless some attempt is made to establish a plan of collective action by the great powers, there is little hope of averting a major world war in which Canada may be involved. We have been told by the Prime Minister that one of the most important guiding principles of policy at this time is the maintenance of Canadian unity. I submit that there can be very little unity; that he cannot satisfactorily answer the questions of anxious Canadian mothers at this time, unless he tells us more clearly how and under what circumstances or conditions Canada will employ the armed forces which he now asks this committee to provide. That is the important question, which I regret to say the minister did not adequately answer in his statement of yesterday.

If I criticize the defence policy outlined by the minister, it is not because I am opposed to defence as such. I regret very much that insinuations have been made from time to time misrepresenting my position or the position of anyone in this group in that respect, I say clearly I am not opposed to defence as such. The minister has strongly emphasized the idea that it is our duty to do something reasonable to protect our people and our country. I think he will not find any hon. member of this committee in disagreement with him on that score. What I have said and say now is prompted by a knowledge that defence involves much more than a haphazard expenditure of public funds on armaments.

He has not heard this group counsel inertia in the face of world trends of to-day. No one suggests that we should neglect our national interest and thereby to some extent court national extinction. I do not propose that we should leave our national defences in such a state of disrepair as to invite any lawless aggressor to come over and do with us what he pleases. I believe it to be the responsibility of any government to defend the country from external attack. I hope I make my position clear. We are quite as much concerned as the minister with regard to national security. We are quite as much concerned as the minister that our shores should not be ravaged or our homes laid waste. So I think we may eliminate from this discussion any insinuation that any of us would remain supine should any attempt be made to ravage our homes or violate the territorial integrity of our country. But I submit that it is quite compatible with that desire for national security and national unity to question the purpose and the degree of armament proposed in these estimates.

These matters have been discussed in the British House of Commons. Only yesterday the broad lines of policy were laid down by the British Prime Minister. As was done in Westminster, so I submit broad lines of policy, may be laid down here, with more definite reference to the existing international situation and Canada's position with reference to that situation. These estimates mean that we are preparing to fight. True, the minister emphasizes preparation for defence; nevertheless he did suggest the possibility of armed action in support of peace-time diplomacy, or of obligations to defend democracy. We should know now more clearly what the government's intentions are in this respect. The minister has not assured us that these estimates are solely for purposes of direct defence.

Mr. MACKENZIE (Vancouver): They certainly are, every cent of them.

Mr. MacNEIL: I have gathered otherwise from the statements of the minister as reported in Hansard. When he speaks of armed support of peace-time diplomacy and the defence of democracy, he is referring to external considerations. However, I hope that at a later time we may have his assurances in more definite terms. He cannot safely be indefinite in this respect.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

NIAGARA FALLS OBSERVATION BRIDGE COMPANY

The house in committee on Bill No. 15, to incorporate the Niagara Falls Observation Bridge Company—Mr. Damude—Mr. Sanderson in the chair.

On section 1.—Incorporation.

Mr. MacNICOL: Mr. Chairman, as a member of the committee that considered this bill, I wish to say something about it before we proceed any further. I must say that I enjoy very much speaking of that historic district

in which it is proposed to erect this bridge, and if there were more time I would enjoy it even more. The Niagara river frontier is one of the most historic districts in Canada, made famous first by those early French explorers whose bravery and ability to navigate the unknown wilds have never been surpassed. In the course of time it was found necessary to erect bridges over that great river. The first one to be erected, on the site occupied by the recent Falls View bridge that fell down, was erected in 1867. I do not know the date of the construction of the second bridge; but the third, the one that fell down on January 27 of this year, I believe was erected some forty years ago, in 1898.

As far as I can see, there is no reason for any hurry in considering this bill, in the first place because the state of New York has killed the bill as far as the United States side is concerned; and in the second place, to which I shall refer later, because of the proposed bridge above the falls that, I hope, will be erected some time later by Canada and the United States. While it is imperative that the cities of Niagara Falls, New York, and Niagara Falls, Ontario, should have at the earliest possible moment, a bridge erected at or about the site of the bridge which collapsed, we cannot hurry matters because, as I said a moment ago, the bill has been killed in the legislative assembly of the state of New York. So we are given ample time to consider thoroughly what is the best thing to do for that district.

There are several bridges left. First, there is the bridge below the escarpment at Queenston, called the suspension bridge. Second, there is the double-deck, steel arch bridge at the north end of Niagara Falls, the upper deck of which, I believe, is used by the Canadian National and perhaps other railways, while the lower deck is used by pedestrians and vehicles of one kind and another. Third, there is the cantilever bridge, perhaps better known as the Michigan Central bridge, immediately south of the lower steel arch bridge. Fourth, there is the Peace bridge itself, from the city of Buffalo across to Fort Erie on the Canadian side. So, if a bridge is not constructed on the site of the former bridge for another year, while the inconvenience may be great it is not a matter of extreme urgency.

The committee had before it two proposals, or rather one proposal and one objection. The objection was raised by the owners of the bridge that collapsed, the International Railway Company. They opposed the application of the Niagara Falls Observation Bridge Company, and it was interesting indeed to listen to the proponents of the new bridge and to the statements of the representatives of the International Railway Company. Certainly their representations were not similar, and figures were presented to the committee that made me, for one, wonder on what we could base our judgment. The representatives of the International Railway Company gave figures as to the earnings of the bridge that collapsed, and as these were greatly at variance with the figures given by the proponents of the Niagara Falls observation bridge I believe we should have both sets of figures placed on Hansard. The revenue of the collapsed International Railway Company bridge was given as follows:

1928	$325,149
1929	352,434
1930	322,376
1931	282,126
1932	204,591
1933	192,585
1934	221,025
1935	235,896
1936	275,297
1937	321,039

That gives an average over the ten years of $273,251. They stated—and their statement was not challenged—that those figures were audited by reputable auditors, and I do not believe any company, either the proponents or the opponents, would use any figures other than those which were audited. The figures submitted by the proponents of the Niagara Falls observation bridge were suppositious. I neglected to write them down, and there was no Hansard of the proceedings, but I did take the figures from one of the Niagara Falls newspapers, quoting what Mr. Suitor said in the New York state assembly. The figures quoted were higher than those submitted by the International Railway Company. As I remember, the income was estimated at between $500,000 and $600,000. On the one hand, we had an audited statement by the company and, on the other, we had figures submitted by the proponents of the bill at Albany, New York. The proponents of the bill who appeared before the committee submitted the very same estimated cost as is in Bill No. 15. It will be noted that the first action provided for in that bill is the issuing of $500,000 worth of bonds. Then section 12 provides for the issuing of securities not exceeding $7,000,000. In other words, the cost of the bridge was estimated as $7,500,000. Upon members of the committee questioning these figures and upon the proponents of the bill being told that the supporters of a similar bill before the New York state assembly had stated that the bridge would cost $3,000,000, the estimated cost was brought down to

$4,000,000. That figure was still considerably above the figure submitted by the International Railway Company as the cost of their bridge.

The International Railway Company were represented by one of the ablest engineers on the north American continent, Colonel Monsarrat of Montreal, whose reputation could not be added to by anything I might say in his favour. Colonel Monsarrat stated that he could build a bridge sufficiently large to take care of the traffic for between $1,125,000 and $1,500,000. Upon further questioning we finally got the Minister of Highways of Ontario to admit that $2,000,000 was to be used to purchase lands. Who knows how much the bridge will cost if the land has not been purchased already! If it was a private company the land could have been bought before anyone knew a bridge was to be built, but I am sure that this land will now cost a great deal.

The International Railway Company would not have to buy any land for their bridge, and they claim they can erect a new bridge and provide ample exit and approach. The people of Niagara Falls want a new bridge as quickly as possible, and the International Railway Company claim that they could have their proposed bridge in operation within a year. They claim also that they have a right to permission to build a new bridge. I do not want anyone to get the idea that I am against public ownership. I think my record in the early days of the organization of the Ontario Hydro-Electric Commission will stamp me as a public ownership supporter. But I am opposed to ownership that states a bridge will cost $7,500,000, and then reduces it to $4,000,000, when it is stated in the United States that the same bridge will cost only $3,000,000. We have too many bridges that cost far more than they are worth.

Figures were submitted to show that if this Niagara Falls observation bridge is built, even at a cost of $4,000,000, it will never be a free bridge. The proponents of the public ownership bridge say that their main purpose is to provide a toll-free bridge. Figures were submitted and were not disputed that the revenue from such a bridge would not be more than $325,000. Operating expense was put at $95,000, which leaves an operating income of $230,000. Allowing two per cent for depreciation, this leaves a net income of $150,000, and, less 5 per cent on investment, makes a deficit of $50,000. If a public ownership bridge is built, the city of Niagara Falls will derive no taxes from it. Many members of the Niagara Falls council have protested against the erection of such a bridge and against the expropriation of lands from which the city already receives taxes. I should like someone to figure out for me how a bridge can be paid for when the net deficit is $50,000 per year. The figures submitted by the International Railway Company showed that it has been difficult for them to pay any dividend on a bridge that cost between $1,125,000 and $1,500,000.

The proponents of the bill stated that the bridge which was wrecked was not able to take care of the traffic. I was over the old bridge a great number of times, and while one might have had to wait a little while on a Saturday or a holiday, there was no difficulty whatever in crossing the river on weekdays. The old bridge had four traffic lanes, the number to be provided by the suggested bridge. If four traffic lanes were not sufficient on the old bridge, they certainly will not be sufficient on the new one. It was pointed out that the old bridge could permit handling 2,520 an hour in both directions. I assume it was vehicles that were meant, as we were talking about vehicular traffic, at the time. There would be no time when anything like 2,520 vehicles would cross in an hour. The evidence was that the peak was 900 an hour. Traffic figures were submitted which showed that the record day was the Sunday before Labour day in 1928, when 15,767 vehicles crossed the bridge. The second heaviest traffic day was the Sunday before Labour day in 1931, when 12,581 vehicles crossed. On the Saturday before the record Sunday in 1928 there were 4,323 vehicles, and on the Monday following, 6,653.

I shall take Colonel Monsarrat's word for it that the four-lane bridge did have ample capacity, and as the new bridge would have only four lanes its capacity would be no greater. It was clearly pointed out that if there were more customs officials and immigration officers stationed at each end of the bridge, then traffic would move much more rapidly; but on the other hand it was pointed out that neither the government of Canada nor the government of the United States would appoint more officers to have them standing at the end of the bridge twiddling their thumbs for nine days out of ten, or perhaps more than that, just so that they would be able to take care of the heavy traffic on the first and fourth of July, Labour day, Decoration day and some other holidays.

I went to the committee meetings with an open mind; in fact I have not yet stated whether I shall vote for or against the bridge; but what I did not like from the very commencement was the attitude of the promoters of the bridge before they appeared before the committee at all. What did the

Minister of Highways in the Ontario government say? I should like western members to listen to this. I quote from the Border Cities Star of March 15 as to what happened on the day the committee opened:

> Members who had taken ready exception to certain remarks made by Mr. McQuesten in the Ontario legislature last Friday tended to fling them back at him at the first opportunity. Among other things, Mr. McQuesten advised Ottawa to "look after its own business" and asked what right have the "Eskimos in the north," the "Ruthenians in Saskatchewan" or the maritime fishermen to meddle in Ontario's problems.

That was said in reference to members representing the maritimes and the west. I believe the hon. member for Mackenize (Mr. MacMillan) did take exception to being characterized as representing Eskimos. All that kind of talk may go in the Ontario legislature, and such methods may be able to get legislation through committees at Toronto, but they cannot get measures through committees at Ottawa—not if the opposite side can stop them from going through.

Nor did I like the language that characterized the old bridge as a twopenny-ha'penny outfit. Colonel Monsarrat characterized the old bridge as a splendid bridge, well constructed, and amply able to take care of the work it was called upon to do. The kind of talk and the methods to which I have referred do not get anybody anywhere. They may fall in line with writing letters over the head of the Prime Minister to a congressman at Washington in connection with waterways and writing letters to representatives in the house at Albany, but they are not the methods for Ottawa. Business at Ottawa is conducted on a higher plane than that.

Again, Mr. McQuesten said—I am not giving his exact words but this was the implication—You can do what you like here at Ottawa, but I am going to introduce a bill in the Ontario legislature giving the province of Ontario control over the beds of streams. He meant international streams. Now I would like to know this: Has this government control over the beds of international rivers? Do I hear hon. members saying yes?

An hon. MEMBER: Nobody said a word.

Mr. MacNICOL: Well, then, everybody should have said a word. If the Dominion of Canada has control over the beds of international streams, that is one half, what right has the Ontario legislature to pass a bill, entitled the Bridges Act of 1938, providing that such bridges cannot be built except upon approval by the lieutenant-governor in council. I wondered, when I heard that, why this bridge proposal came before the committee at all. If the Ontario government have the right to say whether or not a bridge shall be built over the Niagara river, there was not much use in their coming here to find out whether they could get authority from the federal government.

It was said on the last day of our committee meeting that the Niagara Falls council had passed a resolution endorsing the bridge proposal, but in the Niagara Gazette of the 24th of this month there was a report of an interview with the mayor of Niagara Falls, in which he stated that that was not so.

Mr. DAMUDE: I have it here.

Mr. MacNICOL: Just read what he says. The mayor's name is, I think, Mr. Hanniwell. I thought I had the report of the interview here; but if my hon. friend has it, it will save me the trouble of reading it, and if my hon. friend does not read it, I shall go to the reading room and bring it into the chamber and read it before the bill passes, because I was reading it only a few moments ago. Alderman McAninch said:

> This city and Niagara Falls, N.Y., is suffering materially, and will continue to lose business until we get a new bridge.

The article is headed "Wire-pulling."

An hon. MEMBER: Where?

Mr. MacNICOL: It is perhaps better for me not to say. Alderman McAninch went on to say:

> I would move that we hold a joint meeting with the city council over the river and the chambers of commerce of both sides to get some speed in the thing. There is a lot of talk about the personnel of the Niagara Falls Observation Bridge Company which has made application for a charter to build a bridge, and if our local member has a brother on the board, the Parks Commission manager has his brother on it, and Hon. T. B. McQuesten's former business partner is in the company too; there is sure to be delay.

I might say that the manager of the Niagara Falls parks commission or the solicitor characterized these men as straw men. I do not call them that, but that is how he designated them. I am not even sure that one member of the commission is the brother of the local member of parliament. I believe that one of the members is his son-in-law. But the hon. member for Welland (Mr. Damude) will know. Alderman McAninch continued:

> If the way the present directors are going about building the bridge will mean a big delay, then we should back up those who are ready to build a bridge.

The International Railway company are ready to start now; they have their plans drawn; they do not have to go out and sell their bonds; they can build the bridge, they say, for a million and a quarter to a million and a half dollars. Next, alderman Twidale of Niagara Falls is quoted as saying:

"There is a feeling of resentment in some circles that the old bridge company has not been allowed to go on with its plans," Alderman Twidale stated. "They served us well for forty years and have expressed a willingness to go ahead and have a new bridge ready for 1939."

What I asked in the railway committee and what I am going to find out before this bill passes is this, Have the International Railway Company the right to rebuild their bridge? If they have, it would be mere folly for us to pass this bill, because it will mean building two bridges close together, and certainly two of them are not required.

I think it would be well to make a comparison with what has happened in connection with the Peace bridge across from Buffalo to Fort Erie. That bridge cost $4,500,000, and it was stated that it would be paid for within a short time. We were told the other day before the railway committee that if we passed this bill and the proposed Niagara Falls observation bridge were erected, it would pay for itself, one gentleman said, in twelve years, another said in seventeen years; but they were quite different before the committee in New York, where it was stated that it would take maybe fifty years. On the basis of what the Peace bridge has done, it will take a very long time to pay for it, because last year the Peace bridge had a net surplus of some $66,000. For years it has not paid anything in reduction of its debt. It did pay, I believe, up to a million dollars a few years after it was erected, but it has now been erected for some eleven years.

Another reason why, in my opinion, the bill should not pass—I have just about enough time to talk on this point, and if I do not finish now perhaps I shall be able to complete my remarks after someone else has spoken on the subject—is what is said on page 14 of the white paper submitted to the house the other day in reference to a proposed bridge south of the falls. It was first recommended in 1900 by the deep waterways commission; then in 1910 by the international waterways commission; in 1913 again by the international waterways commission; in 1919 by Mr. F. C. Shenahon, one of the engineers of the Chicago drainage canal, and in 1921 by one of the United States government war department engineers, Mr. Warren. The recommendation was that a bridge should be built south of the falls. The white paper reads in this wise:

In addition to the completion of a waterway, the Canadian share of which has already been so largely accomplished, the settlement would provide a rational plan for the future utilization of the Niagara river with full protection for the scenic spectacle. Technical advisers suggest that a planned program will not only afford greater protection for the scenic spectacle than hitherto envisaged, but will also assure far larger recoveries of power from the available waters than has hitherto been contemplated.

Such a settlement would further assure the maintenance of lake levels and the navigable depths of the Montreal harbour and ship channel.

What was proposed by these various commissions? They proposed first in 1900 and again in 1910 to erect a bridge across at Buffalo which would also act as a barrage to the outflow from lake Erie and to raise the water level of lake Erie to 573·5 feet and maintain it there. During January last the water level of lake Erie was 570·63 feet, and that was 1·38 feet lower than the average stage of January for the last seventy-eight years. The time has come when something should be done to maintain the water levels of lake Erie, and here is a golden opportunity to do so and at the same time to have a bridge. They now propose to erect a bridge about one mile and nine hundred feet south of the falls. That water barrage or bridge would have sixty large drop gates with a rise and fall to enable them to regulate the flow. Each gate would be seventy-four feet wide. They propose to raise the height of the basin at Chippawa, which is the last part of the river in which the water level now is nearly constant, with no rapids, and which is at normal 561·3 feet, by 10 feet to 571·4 feet, and in doing that they will be able to raise the water level of lake Erie to 573·5 feet.

They would do three things. First, they would regulate the flow and raise the water level of lake Erie. Second, they would provide a bridge. Third, they would stop the erosion that is now taking place at the falls. When that barrage is erected, it will first dry one side of the river and then the other; works or weirs will be erected south of the Horseshoe falls and thereby prevent their further erosion. The Horseshoe falls have been shrinking on an average six or seven feet a year for the last one hundred and sixty years. The United States falls have receded an average of only one foot a year. But something should be done, and if we let the International Railway Company go ahead and build their bridge, it is immaterial to us what it costs, while if

the governments build the proposed barrage bridge we shall have two bridges instead of one, but one north of the falls and the other south of the falls.

I notice that my forty minutes have expired, and I thank the committee for its patience.

Mr. McIVOR: I voted for this bill in committee, and I do not see any reason why I should change my mind. I congratulate the hon. member for Davenport upon having clothed his subject in a very fine address, but when the dress is stripped off it does not look very good. However, he did it cheerfully and because his conscience would tell him he was doing what was right. I occupy the same position.

The first thing that caused me grave doubt was that although I asked three times and the hon. member for Winnipeg North asked once to my knowledge what was the original cost of the old bridge, we could not get that information. My reason for asking was that if that corporation were not well paid for the bridge, they should be compensated; but the learned lawyer from Toronto and those supporting him, as the hon. member for Davenport knows very well, said they did not know, and we have to believe them.

Another reason why I think this bill should be supported is that some day, whether twelve, fifteen or fifty years hence, the proposed bridge will be publicly owned, and I do not think a beauty spot of international repute like Niagara falls should be exploited or virtually owned by any private interest. You may call me a socialist, a communist, or whatever you choose, but I do not believe that any corporation should have the right to make money at the public expense from a beauty spot like Niagara falls. We have in my district a little falls which comes in as second to Niagara, namely the Kakabeka falls; it is privately owned, but some day we hope it will be public property. In fifteen years this projected bridge may be publicly owned; if it is not, no private interest will be making money out of it.

The plan of the new bridge was under consideration before the old bridge was washed away, for the simple reason that the old structure was inadequate. I am not speaking from the Niagara Falls Gazette, or the Daily Star of Toronto, or the Montreal Gazette, or the Fort William Times-Journal. I am speaking from what I know, because I was caught on that bridge once. One hon. member says it was a twopenny-ha'penny bridge, and in the language of another member, I would not give thruppence for it. It did not fill the bill. I understood that it was not even insured. Why should it not have been insured if it was of great value? But it was valuable because it was a paying concern. Because the new bridge will be publicly owned I am going to vote for this bill, and I congratulate the hon. member who has sponsored it upon having common sense enough to bring it forward.

Mr. HEAPS: I apologize for the hon. member for Davenport. Since he has been sitting in this part of the house he has changed so much from the member we knew when he sat opposite that I hardly recognize him. He has improved to such an extent that I hardly thought he would make the speech which he has made to-night. If he says that he is in favour of public ownership, he ought to be in favour of a bridge which is to be publicly owned and controlled. I was under the impression that we were all in favour of the principle that there should be as few toll bridges in Canada as possible, whether they be international bridges or bridges within the dominion. I do not advance my Canadianism as far as the hon. member for Davenport does his; I do not carry the Canada-first principle to the length that some hon. gentlemen do. I do say, however, that the people of Ontario should own the bridge so far as the Canadian side is concerned; that part of it should not be owned by a United States concern. If this charter were not granted, it is claimed, the Mitten interests of the United States would have the right to build a new bridge where the old one fell down, and if they were given the right to erect a new structure there, this would mean a franchise in perpetuity. That goes without saying; in fact, it was so stated in the committee by those who controlled the bridge which fell down. It was said that their rights were perpetual on both the United States and the Canadian side. So that if the International Falls Company built a new bridge, we would be giving them a perpetual franchise, and they would have the right to operate it as a toll bridge for all time. The hon. member for Davenport said that the bill was killed in the New York legislative assembly, and that is partly true. It passed the state legislature but failed to pass the senate, and we were given the assurance that the reason it did not pass the upper house there was not that the bridge was to be privately owned but that it did not afford sufficient protection to the public, the reason being altogether different from that which we have been given to understand here.

Mr. MacNICOL: Not by me.

Mr. HEAPS: No. but in the committee. The hon. member for Davenport gave the same figures that we had before us in the committee during the week. We could not get from counsel for the private company what the bridge cost forty years ago; but he told us that during the past ten years there had been an average annual income of $273,000, while the total expenditures in the same ten year period averaged $65,000 a year. The question was asked Mr. Robertson what the profits amounted to each year, and he said he did not know. When he was asked whether there was anyone who could give any information in regard to the profits during those ten years, he was unable to answer the question. He did not know whether anyone knew what the profits had been, and an examination of the balance sheet would not disclose the profits of the bridge, because they were all lumped together with other utilities which the corporation owned on the United States side. I submit that when you find a bridge with an operating income of $273,000 a year, and annual expenditures of only $65,000, there must be a fairly large profit for those who own the bridge, especially when it has been in operation for forty years. I am not an engineer, but in my opinion the bridge must have been paid for over and over again by the profits derived from its operation. In view of these facts I do not think that they have very much of a claim against either the province of Ontario or the people of the dominion.

It has been stated that if the proposed bridge is operated on the basis of a cost of $4,000,000, it will never show operating profits. I do not know whether that is right or not, but I do not believe that a private corporation would be so anxious to erect a new structure unless they felt that there would be a profit from it. I do not think they would be at all willing or anxious to lose money on such a venture. The fact that they are anxious to erect a bridge would indicate that they expect to obtain a good deal of profit from it. But suppose the bridge did cost approximately $4,000,000; I still think they could show a profit. At any rate, we are faced with a choice in this matter. We are to choose between ownership of the bridge by the province of Ontario, in respect of that portion of the bridge which lies in Canada, and private ownership and control, and I am bound to say that as a member of this committee I favour the public body owning that portion of the bridge.

Section agreed to.

Sections 2 and 3 agreed to.

[Mr. MacNicol.]

On section 4—Capital stock.

Mr. BENNETT: What does the expression, "shares of $100 each," mean?

Mr. VIEN: It has been explained that it was not necessary to have any capital stock, and merely for the purpose of incorporation five shares are sufficient to qualify the five directors who are appointed.

Mr. BENNETT: Should not the word "five" be inserted between the word "into" and the word "shares" in the second line?

Mr. VIEN: The reprint reads:

> The capital stock of the company shall be five hundred dollars of common stock, divided into shares of one hundred dollars each.

There is no objection to inserting the word "five."

The CHAIRMAN: I must have the amendment.

Mr. VIEN: I move:

> That the word "five" be inserted in line 8 on page 2 of the bill, section 4, so as to make it read "divided into five shares of $100 each."

Amendment agreed to.

Mr. CAHAN: We have not the amended bill reported by the committee; I assume it no longer reads as it did in the bill which passed second reading.

Mr. VIEN: Yes; that has been reprinted. I thought every hon. member had a copy of the reprint. In the votes and proceedings in reporting the bill we mentioned that the bill had been reprinted.

Mr. CAHAN: I understand it is now a capital of $500 divided into five share of $100 each.

Section as amended agreed to.

Sections 5, 6 and 7 agreed to.

On section 8—Power to construct bridge.

Mr. BENNETT: Does this not cover a location which has already been granted to another enterprise?

Mr. VIEN: It is some 800 to 900 feet north of the present site.

Mr. BENNETT: But it would prevent the other bridge from being built by the predecessors in title?

Mr. VIEN: This bill does not affect the rights of the company to rebuild.

Mr. BENNETT: But that is not what I said. I said it would prevent it.

Mr. VIEN: It is probable that there is not room for two bridges on that site.

Mr. BENNETT: Is it the proper thing to take away these rights without having them determined?

Mr. VIEN: I was a little concerned about that point. There is no right in the company. I asked Mr. Robertson, who appeared on behalf of the company, whether the company had any exclusive right within a certain territory surrounding the site of the old bridge. They have no exclusive right; therefore there is no right taken away from them by this bill. I agree with the leader of the opposition that there will probably not be room for two bridges at that point.

Mr. MacNICOL: But the company does own the land at the end of the bridge on our side of the river, and owns a street running some distance on the Canadian side west of the exit of the bridge.

Mr. VIEN: The company owns the approaches on both sides.

Mr. MacNICOL: And the street as well.

Mr. VIEN: I am not sure as to that.

Mr. CAHAN: Did I understand the hon. member to say that the company owns the site of the bridge which fell down?

Mr. VIEN: Yes.

Mr. CAHAN: And it is admitted that it has the right under its present charter to rebuild its bridge on that site. Those would be questions of law. But if this new bridge is to be built so near that site as to prevent the old bridge from being rebuilt, that is an engineering question, which I understand my hon. friend admits.

Mr. VIEN: Perhaps I did not express myself clearly. There is no engineering reason to prevent the company from rebuilding its bridge at the site of the old bridge. Even if the proposed bridge be built, the other bridge may be rebuilt, and it has been stated to the committee, and not contradicted, that prior to the fall of the former bridge the question of building a second bridge was mooted. But it is probable that it would not be possible economically to operate two bridges with the present traffic.

Mr. CAHAN: I beg the hon. member's pardon; I understood him to be dealing with a physical impossibility, not an economic probability.

Mr. ISNOR: I am not a lawyer, but I wonder whether the phraseology is as clear as it should be. I have in mind particularly the words, "in the province of Ontario to a point in the city of Niagara Falls, in the state of New York. . . . north of the present upper steel arch bridge." I understand the bridge has been destroyed, and the present phraseology could not have a legal interpretation unless the word "site" is used instead of "bridge."

Mr. VIEN: I think the hon. member's suggestion is a good one, that in line 24, after the words "upper steel arch bridge" the word "site" be inserted.

Mr. MacNICOL: You would have to strike out the word "present" too.

Mr. BENNETT: This bill undertakes to prescribe the site in a foreign country. We have no power to say where a bridge shall start in New York state. I recall that we had an animated discussion regarding that matter here with respect to one of these international bridges, and the law officers were of the opinion that the power of this parliament expired when we reached the middle of the stream. Perhaps the hon. member in charge of the bill will be able to make some representation as to whether that is changed. The Minister of Justice may recall that it was a bill something of this sort, and my memory is that the Department of Justice was of the opinion that we could start it here in Canada and send it to the middle of the stream, but we could not undertake to provide for its landing in the state of New York.

Mr. POULIOT: Unless we take possession of the United States.

Mr. BENNETT: There are not lacking signs of the opposite state of affairs. I think the language went further and said "towards the state of New York."

Mr. VIEN: The question was not raised in committee.

Progress reported.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Departmental administration, $425,720.

Mr. MacNEIL: Mr. Chairman, before the dinner recess I was endeavouring to point out that in some important respects the minister's outline of defence policy was indefinite, and in my opinion it is extremely dangerous to be indefinite in these matters. I suggest to him that now is the time to take the people of Canada fully into his confidence. We have spoken of the necessity of maintaining Cana-

dian unity. Nothing could be more destructive of Canadian unity than to be indefinite or ambiguous with regard to some of these matters, permitting this country to be manoeuvred into a position that is not clearly understood in advance and, may I say, that is not consistent with Canadian sentiment. I know it would mean a great deal of debate, perhaps acrimonious debate, at this time more precisely to define our position, but I think it would be far better to have that debate now than to leave it until we are compelled to mobilize our man power to meet a defence emergency. In my opinion any unwillingness to discuss frankly all aspects of the matter at this time forecasts a suppression of free debate when we succumb to war time hysteria.

So I repeat the question which I said the minister did not definitely answer: How and under what circumstances will Canada employ the armed force which he now asks this committee to provide? Unless our purposes are all fully disclosed, we are entering an armament race simply because other nations are arming, and in a vital issue of this nature that is not good enough. To plunge blindly into the provision of armaments is dangerous, and I suggest we are plunging blindly because we are not yet sure of all the implications of the defence program. If we arm simply because, as the hon. member for Greenwood has suggested, we are aware of grave external dangers, we must very soon ask ourselves this question: Against whom are we arming? It becomes increasingly difficult to define the boundary between defence and attack. Very soon we shall be attempting to answer the question: If we must defend ourselves, shall we not defend ourselves better if we engage in external war as a means of defence? So I say that apart from questions of direct defence, the minister has hinted at steps which may be necessary in regard to indirect defence. I intend to refer to his remarks in that regard, which I think are open to question; and, as he corrected me before the recess, I hope he will take occasion during this discussion to make his position clear. As reported at page 1649 of Hansard he said:

> The purpose of the armed forces of any country I think may be threefold: In the first place, to support peace time diplomacy; in the second place to provide a deterrent to aggressive nations; and in the third place in case of hostilities to be used after the methods of diplomacy have failed.

What does he mean by peace time diplomacy? What is this diplomacy, and what does it mean in the maintenance of the peace of the world? I think these questions should be answered. The minister speaks of efforts to restrain aggressor nations. In what respect definitely will Canada share in these efforts? Can we share in the efforts which are under consideration, and lend support to the policies which are sometimes suggested, and in which we have no voice? I submit that the intentions of the government on these issues now should be known. What is still more important, the purposes as declared should be strictly adhered to in practice. It seems obvious to me that the purposes already declared by the minister do not square in all respects with the program which is now being carried out. Surely it is obvious that we are planning for much more than merely the defence of Canadian shores. I say that the minister cannot safely dispose of these questions with imposing and glittering generalities. We have the right to ask him more adequately to define all the purposes and all the implications of his defence program as outlined to the committee yesterday.

In a similar manner we may question the basis upon which he has determined the scale of Canadian defence. This is also of primary importance. Defence measures mean sacrifice on the part of the Canadian people. If we are to be placed on a war time footing, we must forego measures of social security. That was brought to the attention of the committee last evening by the hon. member for Grey-Bruce (Miss Macphail); a "bullets and no bread" program has no appeal to the Canadian people at this time, unless we are actually ringed about with nations seeking to destroy us; and not even the greatest alarmist would suggest that that is the situation to-day. In this regard we should seek to strike a proper balance, or else we shall be working out the defence of the few and not the defence of the Canadian people as a whole.

I believe, that without a sound foreign policy it is impossible to determine correctly the scale of defence measures. Surely it is obvious that defence must be conditioned, first of all, by our resources, second, by our available man power and our geographical position, and, still more importantly, on the possibility and strength of potential aggression. Defence policy is naturally the outcome of foreign policy or lack of policy, and, as matters stand, we are shaping our foreign policy upon the basis of a developing defence plan, reversing the procedure that actually should be followed. Or if that is not true, we are shaping our defence policy without facing up to all the commitments which are actually involved in our existing external relations.

The minister, unfortunately I think, has not outlined very clearly our defence problem. He has shown that through succeeding

imperial conferences we have reached the understanding that this dominion, as well as all others, must provide its own defence. We can no longer rely upon the protection of the British navy or the Monroe doctrine. These, as the minister suggested, will act simply as deterrents against the violation of our territorial integrity. If we face the matter frankly, such protection as we may enjoy in a world war will be extended by those other powers only as may seem advisable in protection of their own interests. It is well to remember this as we consider our external responsibilities. I think this has been made very plain in a recent statement by the British Prime Minister.

Again, may I point out that our neutrality, which the minister says we must defend, is not likely to be violated unless the United States becomes involved in a war on the Pacific. I think it is apparent from the minister's statement that if we can rule out definitely and clearly all external commitments, our defence problem is comparatively simple. Canada, without any extraordinary war effort, can defend her own shores against all threats within any measurable period of time. Our geographical position is favourable, and the topographical features of our country make defence comparatively easy against any invading force likely to endanger our territory within the next decade. We lie in what has often been called the strategic lee of the United States. We must recognize the fact that potential aggressors are likely to be kept occupied for some time in advancing their warlike ambitions in other directions on other continents. Canada will have ample warning of any definite threat to her territory. I think all agree that the invasion of Canadian territory is a remote contingency. The minister suggested this in his statement of yesterday.

The protection of our shipping beyond certain focal points or nodal areas adjacent to our ports is not of such vital concern as to warrant any participation in an ambitious naval program. Canadian trade is generally carried in other bottoms, and in any event our resources do not permit our attempting to protect our sea-borne trade on the high seas. If warring nations are given reason to attack Canada, they cannot as yet safely consider doing anything more than establishing fuelling stations at points on our coast to harass shipping and hit-and-run raids on our ports. The most pessimistic calculation I have yet heard did not envisage anything worse than this during any period for which we might reasonably make calculation. Therefore, it is obvious that we require only reasonable coastal defence, with small supporting land and air forces. We require only a military establishment capable of expansion to meet any defence emergency such as I have suggested.

Our defence program is complicated and our natural advantages are undermined by the uncertainty and ambiguity with respect to our external relations. That is why I have suggested that it is important that we should first have our foreign policy determined more clearly. As far as I can discover, we may or may not enter into some collective enterprise for the restraint of aggression; therefore we must arm. We have made no decision in this regard; so we do not know to what extent we should arm. We may or may not share in imperial responsibilities; therefore we must arm though we may be involved in a conflict in which we shall have no direct or vital concern. The minister has hinted more than once at the moral obligation of mutual support within the commonwealth, and many presumptions are entertained on this score. Because of this, action may be taken of more dangerous consequence than merely the defence of our own shores.

War intentions and war machines are gathering momentum in the world around us. Sooner or later some attempt will be made to check that momentum by an attempt to restrain aggression by force. If we intend to share in this enterprise, why should we not make sure now that we do not do so in the name of ideals long ago discarded and for purposes which are not now disclosed. In Canada we are benefiting by world-wide preparations for war; in various ways we are supporting the dangerous war credit inflation which to-day blocks peace moves. It has been said that to-day the threat of war yields greater profits than the promise of peace. In other countries it is becoming rapidly apparent that the sudden cessation of war-time industry would mean economic disaster. Even in Canada a reading of our financial journals and our stock exchange reports will give evidence of our growing investment in the profitable business of making war. As we are concerned at the present time about defence, let us remember that the greater the investment of that type, the greater the desire will be to protect the investment by resort to armed conflict beyond our national frontiers.

The minister has made an attempt to gauge Canadian sentiment on this matter. Sentiment will unquestionably play its part in determining the outcome of these issues, but I submit that before we succumb to any war

hysteria, we should remember that sentiment is an unsound basis upon which to determine defence or foreign policy.

In the final analysis these matters must be determined on the basis of national interest. The price of Canadian participation in an external war may easily prove to be national self-destruction. I cannot conceive of any external interest or any sentimental crusade which would warrant such national suicide. I submit that all these considerations should be kept in mind when we discuss a defence program. As matters stand now, all these features serve to undermine the natural advantages we enjoy. I consider that our first line of defence is our external relations, the foreign policy which keeps us out of war and enables us to settle international conflict and live on terms of peace with other nations. Our second line of defence is a properly strengthened civilian morale, a fit and technically trained youth, and a proper mobilization of our industry to meet any defence emergency. The third and perhaps the least important line of defence is that which was discussed yesterday by the minister, the provision of armaments. I regret that he has placed such emphasis on the third line of defence. I consider we should give greater attention to strengthening what might be termed our diplomatic defences.

There is necessity for greater frankness on this subject. The hon. member for Greenwood said this afternoon that this is an issue which transcends all party considerations, at least considerations of party aggrandizement. It does not transcend those considerations to such an extent as to warrant absolute silence, but there are fundamental differences that should be threshed out now. It is extremely dangerous to leave the settlement of these matters until a period when there may be considerable war time hysteria. I speak of these matters from some experience. I think all of us remember the period preceding the last war when we did almost unbelievably foolish things and inflicted almost unspeakable cruelty on those who were designated as enemy aliens. I mention these matters because sound judgment is so distorted at times such as that.

It is suggested that we have been led into certain tacit commitments. I am not suggesting that the minister deliberately misled the committee, but I hope to be able to show that there are tacit commitments which he has not discussed. I have been personally dismayed by inconsistencies discovered when discussing these issues with men who should have some knowledge of the public affairs of this country, and my dismay was somewhat strengthened by an article I read in Maclean's magazine, by Professor Underhill of Toronto. The article reads:

> I have yet to hear of a single journalist or military man in Ottawa who doesn't (in private) laugh at the government's pretense that its present defence expenditures are meant for defence here in Canada.

That has been my own experience, and it has been confirmed to some extent by the remarks of Professor Underhill.

Mr. MACKENZIE (Vancouver): My hon. friend must take the government's word for that.

Mr. MacNEIL: I am stating that that is my experience, and I hope that during the course of the debate the minister will set my mind at rest. I hope during the course of the discussion the minister will set our minds at rest with regard to all these matters, which give us some uneasiness.

Professor Underhill goes on to make this significant statement:

> But this is something quite different—

He was referring to the estimates for last year.

> But this is something quite different from what our government is starting out to do this year; namely, to construct the skeleton framework of a great national armed force, a framework which can be filled in and expanded by mass enlistment or conscription on the outbreak of war, and which is primarily designed not for local defence at all but for a series of expeditionary contingents overseas.

Mr. MACKENZIE (Vancouver): That is entirely incorrect from start to finish.

Mr. MacNEIL: I am glad to hear the minister's correction. I am, however, going to proceed to place before him other points which have been brought to my attention and which tend to confirm that judgment. I am saying there is ground for something more than mere suspicion that there is preparation for participation in an external war. I am not at the moment arguing whether it is right or wrong, but I am contending that we should know definitely what are our commitments, whether implied or stated, on this score.

Mr. MACKENZIE (Vancouver): There is none, either expressed or implied.

Mr. MACKENZIE KING: Hear, hear; that is correct.

Mr. MacNEIL: I am trying to explain exactly what I mean, and I shall do so by referring to the statement made to this house in 1923 by the hon. member for Quebec South (Mr. Power), who now sits on the treasury

benches. On March 26, 1923, at page 1529 of Hansard, the hon. member for Quebec South introduced this resolution:

That, in the opinion of this house, it is expedient to declare that save in the case of actual invasion the Dominion of Canada shall not be committed to participation in any war without the consent of the parliament of Canada.

I know the Prime Minister has given us frequent assurances that parliament will decide in the event of war issues arising; but may I point out to the Minister of National Defence that his colleague in the government, the hon. member for Quebec South, makes a striking and convincing argument as to how commitments may be undertaken and how the country may be involved in war without the consent of parliament. I shall not attempt to quote his speech at length, but he makes this important point in a convincing manner, that on two previous occasions within our memory in which Canada was engaged in war, Canada was actually involved without the consent of parliament. When parliament met, it was presented with the actual fact of war. These are the historical precedents we have before us.

Mr. MACKENZIE (Vancouver): That is exactly what we have decided to avoid now.

Mr. MacNEIL: Well, I hope so. But may I quote from the argument used by the Minister of Pensions and National Health. Referring to our experience in the last war and to how the British parliament was led into the position of declaring war because of commitments made of which they had no knowledge, the hon. member for Quebec South, speaking to this house on March 26, 1923, said at page 1534 of Hansard:

The Marquis of Lansdowne, speaking on the same day, August 6, 1914, states:

"I do not think anyone can have failed to be deeply shocked by what I can now describe as the cynical attempt made to bribe this country, and not this country alone, into a disregard both of its treaty obligations and of those other obligations which are not less sacred because they are not embodied in a signed and sealed document. . . . To the other category belong our obligations to France—obligations of honour, which have grown up in consequence of the close intimacy by which the two nations have been united during the last few fateful years."

Bonar Law is of the same opinion in a letter which he wrote to Mr. Asquith, Prime Minister of England, on August 3, 1914. Lloyd George, in defending his policy in August, 1918, four years afterwards, stated that there could be no question of doubt but that an obligation of honour was imposed upon the British Empire to intervene in any war in which Germany should be the aggressor. I have said before that it is possible for obligations of this nature to be entered into without consultation with parliament and without the knowledge and consent of parliament. I have had in my hand a book entitled, How the War Came, by Earl Loreburn, who was from 1905 to 1912 Lord Chancellor, and consequently a member of the British cabinet. I may say that Sir Edward Grey, in the course of his speech, after stating that he had informed Sir Henry Campbell-Bannerman and others, states:

"The fact that conversations between military and naval experts took place was later on—I think much later on because that crisis passed and the thing ceased to be of importance—but later on it was brought to the knowledge of the cabinet."

This is what Lord Loreburn says:

"He does not say when . . . but one of Sir Edward Grey's then colleagues may be permitted, in view of his statement about withholding the information from the cabinet, to offer certain criticisms. Sir Edward Grey's phraseology rather conveys that his selection of confidants was casual, but Mr. Asquith and Lord Haldane were with himself vice-presidents of the Liberal League, a continuation of the Liberal imperialistic movement which had supported the South African war and opposed Sir Henry Campbell-Bannerman on that subject."

He says further:

"There was no difficulty whatever in summoning the cabinet during the election to consider so grave a matter. A good many members of the cabinet were in London or within an hour of it, while those whom he consulted were at a distance. And there are railways and post offices in Great Britain. The cabinet met in January, 1906."

And then he goes on further to say that all during 1906 and later he, as a member of the cabinet, was not made acquainted with these conversations which had taken place with the French and Belgian officers. Further, he asked the question—When did the war come, and how did they bring us into it? Speaking with regard to the action of the ministers of the crown, he says:

"The answer to this question, in a single sentence, is that we were brought into the war because Mr. Asquith and Sir Edward Grey and their confidants by steps some of which are known while others may be unknown, had placed us in such a position toward France, and therefore also toward Russia, that they found they could not refuse to take up arms on her behalf when it came to the issue, though till the end they denied it to parliament, and probably even to themselves."

Mr. McBride: Does the hon. gentleman suggest that England was in honour bound to go and support France when she went to war, and that Canada, is not in honour bound to go and support England if she got into difficulties.

Mr. Power: I suggest that owing to this series of conversations and arrangements that took place between England and France prior to the last war, without there being any written treaties or conventions with the consent of parliament thereto, and without the knowledge of the whole cabinet, Britain found herself so involved that, without loss of honour, she could not stay out of the war. As I proceed further with my argument, my hon. friend will see

that it is to avoid any such contingency arising in Canadian politics, that this resolution is being brought down this evening.

He goes on to say:

Mr. Power: I am under the impression that owing to some more of those conversations—

He was referring to the Chanak incident of 1922:

I am under the impression that owing to some more of those conversations, for instance the interchange of officers between the British general staff and our exchange of officers, and also owing to a certain resolution passed unanimously in this House of Commons in 1909, we were practically pledged to go to war in case the British Empire was forced into war through aggression on the part of Germany. It is to prevent any such contingency in future without the knowledge and full consent of parliament, that this resolution is being introduced.

Hon. members will be interested to hear these further remarks made at that time by the hon. member for Quebec South. He said:

I am Canadian, purely and simply, and I place the interests of this country before those of any other country no matter how closely we may be related thereto.

And again:

But on this question the time is fast approaching when every citizen of Canada will have to decide whether he is a Canadian first or a Britisher first. And when that question is placed before the people of Canada, without any extraneous circumstances to dim their vision or prejudice their judgment, then I think every member of this house will have to make his choice one way or the other.

Then he says in conclusion:

I say our people should devote their attention to their own national affairs, in an endeavour to make this country more prosperous and better to live in, and indeed a country better than any other in all the world.

I hope he is still of the same opinion and that his influence has some weight in the cabinet. The minister's statement of yesterday suggests the closest possible cooperation with the British War Office on defence matters. I think it is most significant, reading the report of the last imperial conference, that whereas in the reports of the two previous conferences the conclusions dealing with defence gave first place as to the independence of the dominions, in the report of the last conference that appears at the very end, and apparently is an afterthought.

Mr. MACKENZIE (Vancouver): The most important part of the finding.

Mr. MACKENZIE KING: My hon. friend says, "an afterthought." It was the climax.

Mr. MacNEIL: I have read that rather carefully, and that is the impression which it left with me. It is not given the same importance or emphasis as on former occasions.

Mr. LAPOINTE (Quebec East): The evil mind!

Mr. MacNEIL: I think we should know all the ramifications of this close cooperation. We learn in the book, Consultation and Cooperation of the British Commonwealth, published by the Royal and Canadian Institutes of International Affairs, of the purposes of the imperial defence college courses, London, where our staff is trained to deal with Canadian defence and trained, as we discover, in the broadest aspects of what is termed "higher imperial strategy"—"the higher imperial strategy." May I make it clear that I am not suggesting that the minister deliberately misled the committee; but I think we must recognize the fact that all the important men on the Canadian defence staff—they are listed here: the judge advocate general, the chief of the naval staff, the director of naval operations training, the director of military operations and intelligence, the director of military training, the director of staff duties, the air commodore, the air staff officer, the president of the national research council and former chief of the general staff—all these men have received their training or their final training at the imperial defence college, formed as I said for training in higher imperial strategy.

I have here a volume of the Canadian Defence Quarterly. I am not suggesting that this is an official expression of departmental opinion; but after all it is edited by a man who is in an important position on the Canadian staff, a position where he definitely influences the training of the gentlemen cadets of the Royal Military College. I have been tremendously interested in perusing the back numbers of this quarterly in order to get some indication of the opinions of our staff officers. It is quite clear to me that while this is not an official expression of departmental opinion, the importance of this publication among the defence forces cannot be denied. The fact that it is in every officers' mess in the dominion makes it certain that if there appeared therein any statement which was contrary to the policies of the department, the officer responsible for that statement would quickly be disciplined. It has been brought to my attention recently that any officer even criticizing departmental policy has been severely disciplined. In some able articles appearing in this magazine—and I am not suggesting that these officers are disloyal; I have a great respect for their capabilities as revealed in

their contributions to this publication—it is clear that, whatever may be said in parliament by way of interpretation of the agreements reached at the imperial conferences, these officers are placing their own interpretation on the policies reached at the conference or enunciated in parliament. Some important conclusions will be found in some of these articles, conclusions to which no objection has been taken officially, and expressed by men who occupy a very high place and who are close to the council upon which the government must rely in making decisions upon the issues of war.

Mr. MACKENZIE (Vancouver): They have nothing whatsoever to do with policy.

Mr. MacNEIL: I made that clear. But I said that, in my opinion, the editorial staff of this publication echo, and dare not do otherwise, the opinions of their senior officers.

Mr. MACKENZIE (Vancouver): Not necessarily.

Mr. MacNEIL: Otherwise this defence quarterly would not be accepted in officers' messes throughout the dominion. One man makes this significant statement, characteristic of several that appear in this publication.

Some hon. MEMBERS: Time.

Mr. MacNEIL: It does influence opinion among the officers and men of the Canadian forces. That being so, the minister must take cognizance of that which appears in this quarterly. The writer says:

It can be seen, therefore, that because of the remoteness of the possibility of Canada being invaded—

Mr. MACKENZIE (Vancouver): What is the date, please?

Mr. MacNEIL: This is October, 1935.

Mr. MACKENZIE (Vancouver): That is when we started.

Mr. MacNEIL: I shall go on down the list. I have the last issue here, and the same opinions are expressed.

Mr. MACKENZIE (Vancouver): Read the last issue, then.

Mr. MacNEIL:

—that the raison d'être of our land forces is not so much for the direct as for the indirect defence of Canada, which role is provided for by statute in the Militia Act of Canada.

The criticism is often made that Canada's land forces are for the express purpose of defending her coasts and frontier against invasion and that no legislation exists for their employment beyond Canada. We have attempted to refute that criticism and to show that Canada, being sensible of the possibility of her people demanding intervention in an empire war, is not entirely unprepared for that eventuality. Thus one may say that the principle under discussion is both recognized and applied in Canada.

In a subsequent issue, January, 1936, this appears in an article which was awarded first prize in an essay competition in which the higher officers competed. It is a summary of Canada's obligations towards imperial defence:

To summarize briefly Canada's defence problems, the following are the principal roles which her defence forces must be designed to meet.

(i) The local defence of her own territory;
(ii) The defence of her neutrality;
(iii) The despatch of an overseas contingent as a contribution towards the defence of the British Commonwealth of Nations;
(iv) The support of the League of Nations in the application of sanctions in so far as the interests of Canada appear.

In addition to the above defence requirements, there is the age-old problem of the preservation of law and order—otherwise known as aid to the civil power.

Then I find another interpretation; this is towards the final issue of 1936:

The purpose of Canada's defensive organization.

Conclusions of imperial conferences.

In 1923 the following principles were adopted, and were reaffirmed in 1926, while in 1930, defence matters were hardly touched upon.

(a) Each part of the empire is primarily responsible for its own local defence.
(b) The maritime communications of the empire must be adequately safeguarded.
(c) Naval bases and repair and refueling facilities must be provided.
(d) Naval strength as provided for in the Treaty of Washington should be maintained.
(e) Air forces should be developed on such lines as to facilitate cooperation between the several parts of the empire in emergency.

These principles are very general indeed, and nothing is said of the question upon which we should most desire to be enlightened, viz., our responsibilities for the collective security of the Commonwealth, which in the past has meant sending expeditionary forces. But, even though no commitment in this vital matter was made, and though no principle concerning it was laid down, we may be sure that it could never have been absent from the thoughts of those conferring, and that all remembered that forces from all the empire stood together on the battlefields of the great war, and felt that should another such danger arise, they would stand together again. I submit, therefore, that we in Canada should plan our defensive organization so that if another part of the empire needs our armed help, we can send a proper force, just as we confidently expect armed aid from other parts of the empire if we ever need it.

This unwritten principle, and the five affirmed in the 1923 imperial conference will have to guide us in deciding what defence forces we should have.

The CHAIRMAN: I regret to interrupt the hon. member for Vancouver North, but he has exceeded his time.

Mr. HEAPS: If I say a few words, the hon. member, will, I suppose, be allowed to proceed?

The CHAIRMAN: Yes.

Mr. HEAPS: Having said a few words, I yield to the hon. member.

Mr. MacNEIL: I suggest to the minister that, whatever he may say in this chamber, from all that appears in the published statements of senior officers, from their articles in this and other publications, and from their statements to the public, they are proceeding on the assumption that Canadian opinion will demand the dispatch of an expeditionary force overseas. Time and again they have referred to the historical precedents. The late Sir Wilfrid Laurier, although opposed to our participation in overseas wars, and stating time and again that we should keep ourselves from the vortex of European militarism, found his opinion overruled by an upsurge of public sentiment. Again, in 1914, these issues were determined by public sentiment. That sentiment demanded the dispatch of an expeditionary force overseas; and these officers proceed on the assumption that in the developing struggle the same will be demanded of the Canadian government.

I am not basing my argument solely on the statements of senior officers. May I say, though, that these military experts say that Canada could very easily send over not only the 500,000 men recruited during the last war but probably double that number, and that the framework of the military establishment should be reconstructed for an expeditionary force of that size. Hitherto the ratio of distribution as between land, naval and air forces has been 2:1:1, and now the minister gives priority of arrangement to the air force, as appears in his statement of yesterday. At page 1647 of Hansard he says:

> A certain amount of priority has been established after deliberation: first, for the air services; secondly, for naval defence; and, thirdly, in regard to the repairing of deficiencies in equipment of militia services, permanent and non-permanent.

That does not suggest any concentration on coastal defence. Concentration on the defence problem which I have suggested is strictly concentration on a coastal defence problem. Furthermore, I hope the minister will explain the reduction in certain items and the increases in others in the main estimates that he has brought down. In the estimate for the non-permanent active militia there is an increase of $318,336, and in the estimate for the permanent force, an increase of $217,110. But in the estimate for engineering services and works there is a decrease of $1,170,000, and in the estimate for general stores a decrease of $2,106,252. There you have an accentuation of the ratio, which suggests preparations for an expeditionary force. If we are dealing with coastal defence, surely it is important to provide that equipment which is necessary for such defence. Those items in which decreases are made are those from which we might reasonably expect—if I am wrong the minister will correct me—the purchase of guns for fixed batteries and the equipping of the coast with anti-aircraft guns.

Mr. MACKENZIE (Vancouver): The whole trouble is the question of delivery, as I explained yesterday.

Mr. MacNEIL: Yes, I noted the statement the minister made. Surely coastal defence requires reasonable provision along these lines —mines and mine sweepers, fixed batteries at strategic points supported by a small mobile land force, and anti-aircraft guns, with precision range-finding devices. If we are thinking of the defence of our coasts and our ports, certainly we should make every effort to keep abreast of technological progess in this respect. But the question that I should like the minister to answer is: Why priority to the establishment of an air force? The observations of every prominent officer with regard to recent war manoeuvres and operations have shown that aircraft, even in squadrons, no longer provide effective defence against air raids. No longer are they a defensive weapon. I am not giving my own opinion; officer after officer, observing events in Spain, where a full-dress rehearsal for the next war is being held, has declared that no longer can pursuit or bombing planes offer effective resistance against raiding squadrons, their chief value being in the work of reprisals. They damage the effectiveness of opposing forces in so far as they are able to raid the aerodromes and destroy enemy aeroplanes while on the ground. And the reasons are obvious, as any military man knows. The increased speed of raiding squadrons with modern planes is such that interception by defending planes is almost impossible. The chances of successful interception are practically negligible. There is very seldom an opportunity for the defence planes to take to the air and attain a sufficient altitude in time for effective defence. In short, the air forces do not offer that defence in those raids, against which the minister says we must have protection. Their chief value is in cooperation with the land and naval forces in reconnaissance work, and

even there their effectiveness is limited. It is difficult, therefore, to understand why priority is given to the air force in the defence program, when we know that in Canada we shall have no opportunity for making reprisals on enemy nations; it would be impossible.

Mr. FRASER: What about attacking warships?

Mr. MacNEIL: Even there, if I might quote the experts who have recently published opinions on the question, aircraft are of little value. For reconnaissance purposes they are excellent, but the minister is suggesting the absolute priority of the air service. I say, therefore, that he should have no ground for complaint if in many quarters in Canada he is told, "You are building up those forces which can most readily be shipped at the shortest possible notice to other parts of the world if required."

Mr. MACKENZIE (Vancouver): That is not the reason for it, I can assure my hon. friend.

Mr. MacNEIL: I am glad to hear the minister say so, but he should have no ground for complaint if suspicion is aroused. I had hoped he would give priority to coastal defence in the strict sense.

Mr. MACKENZIE (Vancouver): Both the expansion of the air force and the small expansion of the naval services and also the militia services are designed for coastal defence, the three in cooperation.

Mr. MacNEIL: In the main estimates there is an increased expenditure for the army. Again I say it is difficult to understand why there is a definite emphasis on priority for the air force. Considering the fact that we are developing a trans-Canada service and training pilots, using planes which might be readily converted into war machines, there is still less reason for priority for the air force in the defence estimates. Certainly the provision for the skeleton of a large and highly mechanized army is not necessary in coastal defence work until we are confronted with the danger of an invading force strong enough to penetrate some distance inland.

I would ask the minister again how far he has proceeded with reorganization of the military defence department. I hope he will give some statement in that regard. In the first session he outlined his plans for reorganization; but apparently, for some mysterious reason, they have been brought to a halt. If he is thinking solely of the defence of the Canadian shores, it is difficult to understand why he maintains thirteen military district headquarters in Canada in addition to military headquarters at Ottawa. For purposes of coastal defence there could be eastern and western headquarters in addition to Ottawa, and suitable training centres at various points across the dominion. But here we have an amazing duplication of services at enormous cost right across the dominion.

Mr. MACKENZIE (Vancouver): There are not thirteen; one is numbered thirteen, but there are not thirteen.

Mr. MacNEIL: How many are there?

Mr. MACKENZIE (Vancouver): Speaking from memory I think there are eleven.

Mr. MacNEIL: I accept the correction.

Mr. MACKENZIE (Vancouver): Eleven, with military headquarters in Ottawa.

Mr. MacNEIL: I fail to see the necessity for expensive and elaborate armouries for coastal defence. I think the time has gone by when they serve any useful purpose in training our men to meet the defence emergencies which we shall probably have to meet. Training centres of another kind are necessary, as I think the minister knows very well. The maintenance of these large numbers of units is a tremendous duplication. This is a cause of complaint, not from me or from outsiders but from officers of the force who are interested in efficiency and are endeavouring to follow the principles of modern mechanized warfare and defence. I cannot see how these expenditures can be any longer justified. I found the answer to that in some statements published by senior officers, pointing to the fact that originally our militia establishment was organized to meet the threat of invasion from across the United States boundary. That guided the founding of our military establishment, and we have religiously followed that routine ever since, when there is no longer need even to consider defence against our good neighbour to the south. Surely that establishment is obsolete. We see here and in many other respects what they themselves call the "dead hand" of tradition, from which we suffered at the outbreak of the war. I am reminded that at the outbreak of the last war some staff officers took the ground that it was improper for a British officer and gentleman to use a trench periscope to discover what was before the trench. They said it was improper for an officer to use a mechanical device from a position of security to obtain information. There is much of that "dead hand" of tradition in the department, much that is obsolete with relation to defence, and much that could be justified only as preparation to participate in an external war.

Another matter which gives me grave concern, particularly with regard to the assumptions of the officers, is our present status in regard to self-government in these matters. The minister referred to the Balfour declaration, that we are "equal in status, in no way subordinate one to another in any aspect of domestic or foreign policy, united in common allegiance to the crown." I would ask the government to give reality to that declaration as far as it is possible at this time, and to the provisions of the Statute of Westminster, and, what is still more important, to give reality to the assurances given to this parliament last session that there are no commitments; that parliament will decide in all these matters and in all respects the issues of war.

Apart from the constitutional requirement, if we are to be frank and honest with ourselves this evening, we must admit that if Great Britain were involved in war to-morrow, we are at war; we would have very little to say about the matter.

Mr. MARTIN: By no means.

Mr. MacNEIL: I shall give my reasons. We are bound by the decisions of Downing street. One man has said, and quite properly, that this is an offence to any conception of our democratic rights.

Mr. MARTIN: We are bound, not constitutionally but by international law.

Mr. MacNEIL: There is grave doubt on that. There is a fundamental difference of opinion. I could bring quotations from Berriedale Keith, Professor Corbett, and other constitutional authorities to prove my statement that there is doubt as to the constitutional position, as to our freedom to claim a separate right of neutrality. The fact that that doubt exists is all the more reason why we should now clear up any uncertainty. I am not arguing the constitutional aspect now, but I say we should face it as a practical issue that when Great Britain is at war, we are at war. If to-morrow morning Great Britain is at war, Canada is at war.

Mr. MARTIN: Surely the hon. gentleman will admit that that must be qualified.

Mr. MacNEIL: I shall endeavour to show my reasons for that statement. In spite of the constitutional provision which has been made for us to claim full autonomy, I point out that a full measure of autonomy has not yet been claimed with respect to the right of neutrality. As one writer has said, one cabinet responsible to one party in one parliament out of seven commits all the members of the commonwealth to war. That, I say, is contrary to our conception of democracy. We should claim, as far as it is possible to claim for ourselves the right of neutrality, the right to give reality to the assurances made to this parliament by the Prime Minister and the Minister of National Defence.

Mr. FRASER: The hon. member will not accept the assurances when they are made.

Mr. MacNEIL: There is another important consideration which has not been cleared up, under constitutional law. If to-morrow his majesty is declared in a state of war with another nation, we are forbidden under constitutional law to trade with enemy subjects. It will become a criminal matter.

Mr. MARTIN: That is not true—not under constitutional law.

Mr. MacNEIL: That is under constitutional law. This is in effect the automatic application of economic sanctions against the nations at war with his majesty. That point has not yet been cleared up. May I indicate the position in regard to our consular services, which places us in a difficult situation. In only three countries have we ministers of our own. In the other countries, possibly the capitals of potential enemy nations, when the British ambassador is withdrawn, there is no one to represent Canada's interests, and as far as that country is concerned Canada quite properly would be considered at war. I point out to my hon. friend that last session a return was brought down showing that Canada has contractual obligations to maintain naval bases for his majesty's ships at Esquimalt and Halifax.

Mr. MARTIN: There is a difference between contractual and constitutional obligations.

Mr. MacNEIL: I am dismissing for the moment the consideration of constitutional aspects. At another time I may attempt to deal with the constitutional difficulties involved. I say that as a matter of reality, these are considerations which destroy any hope of claiming for ourselves the right of neutrality. I am not suggesting that we should attempt to make a prior declaration of neutrality and bind parliament; but I am suggesting that it is in line with the constitutional developments of recent years, with our status of self-government, with the Balfour declaration and the provisions of the Statute of Westminster, that we should be able to claim for ourselves the right of neutrality. I know there are some difficult problems to work out in that regard; but let us be under no illusion; as matters stand now, we are bound by the decisions of Downing street, and that position is repugnant to the average Canadian.

That is all strengthened by the close working relationship between our general staff and the imperial War Office. Our men are trained in the "higher imperial strategy," trained for cooperation in a common empire emergency. A permanent force officer in Canada is required to-day to pass the same examination, set and corrected by the same authorities, as an officer of corresponding rating in the British army. So that an officer of definite rank in the forces of one part of the commonwealth could be employed, either in time of peace or in war, in any appointment of similar rank in the forces of any other portion of the commonwealth. There is a Canadian air liaison officer in London with offices at the air ministry. And we have the common use of organization, equipment, establishments and training manuals issued by the Admiralty, the War Office and the Air Ministry of the United Kingdom. There is direct correspondence between our staff and the staff of the United Kingdom and the staffs of the defence ministries of the other dominions. There is a periodic exchange of liaison letters between the chiefs of staff of the British and dominions services. There is the attachment of Canadian officers to units in Great Britain. Last session the minister brought down a return in that regard, but I know that number has been increased. In addition to those on exchange, who number perhaps eight or ten or twelve at a time, last year there were seventy odd officers in training in Great Britain, and in January of this year there were approximately ninety of our officers and men receiving training under the imperial authorities.

Mr. FRASER: Do I understand that the hon. member does not agree that we should maintain naval bases in Canada available to British naval ships? Does my hon. friend object to the exchange of officers between Canada and Great Britain?

Mr. MacNEIL: Perhaps I did not make my point clear to my hon. friend. I was not expressing disagreement with the maintenance of naval bases. I say that when the minister states to the committee that we have no commitments, I have a right to say that the contractual obligation to which I have referred is a commitment which destroys any hope of neutrality in the event of Great Britain being engaged in a war. May I point out further that when the Union of South Africa, by the passage of several acts, attempted to claim the separate right of neutrality, the very thing which hindered that attempt was the maintenance of the naval base at Simon's Town. That is an illustration in point. I am not attempting to suggest what is right or what is wrong. I am arguing that this is a time for complete frankness with regard to these commitments.

Mr. FRASER: It is a good thing the hon. member has not the dictation of the policies of this country.

Mr. MacNEIL: Perhaps it is, but my hon. friend knows that I have a perfect right to rise in my place and state my opinion; and, as my hon. friend also knows, my opinion is shared by many others, who feel that we want complete frankness in regard to this matter.

Mr. FRASER: The hon. member is getting it, but he does not believe it when it is given him.

Mr. DOUGLAS (Weyburn): Let the hon. gentleman make his speech later on, if he knows how.

Mr. MacNEIL: I am not suggesting or advancing an anti-British argument.

Mr. FRASER: It sounds like it.

Mr. MacNEIL: May I point out to my hon. friend that I was born in Canada. I am a British subject, and I am not ashamed of my opinions in this regard. I did my stint of service in the war, together with my comrades in this house. If the hon. gentleman cares to bring my loyalty into question, he may do so, but I shall let my record speak for itself. I have endeavoured to make it clear—and I have not uttered an offensive word while doing so—that I am not advancing an anti-British policy. As was said by the Minister of Pensions and National Health, whom I quoted a moment ago, I am a Canadian and view these matters as a Canadian. But I realize that, in the final analysis, these matters affect Canada vitally and must be worked out not on the basis of false sentiment or any mawkish patriotism, but on the basis of national interest. The day has long gone by when people in this country say, "Britain is my country; Canada is my home." I say that due to the constitutional developments in which we take such pride in this house, Canada is our country, and we are responsible for the development of Canadian policies in this regard. So I am pointing out, as well as I am capable of doing, the grounds giving rise to suspicion and uneasiness in this country at this time.

These relationships exist. Of that there is abundant evidence, and they constitute tacit commitments. The greatest commitment of all lies in the fact that we have not relinquished that constitutional relationship, the constitutional law, which willy-nilly compels us automatically to apply economic sanctions against the subjects of those nations which

may be at war with his majesty. That is a matter of constitutional law. All these things I say constitute commitments, and I feel that it is our responsibility to face the issues frankly and discover, in line with democratic traditions in Canada, just where we stand. We should know where we stand. As I said before, it is not good enough to leave these matters for settlement until we succumb to war hysteria. Then, in the event of war, of course to discuss any such matter as this would be secession, and I am not for one moment arguing for separation from the empire. I say this at this time, with all due sense of responsibility, that throughout Canada there is a growing and profound distrust of the policy of the present British government, and that does not mean disloyalty to British traditions or to the sentiments of the British people. Sometimes there is a vast difference between the policies of a British government and the wishes of the British people. Perhaps I may not with propriety attack the British government in this house to-night; but this fact is I think, clear, that the policies which they are following to-day are not in strict accordance with the mandate which they secured from the British people in 1935.

There are some reasons for this distrust. This is one: The British government has not given us any clear assurance of its intention to support a plan of collective security to stop aggression or to lay the basis for a collective peace. That assurance has not been given, and that is an important reason for the growing distrust. Many say quite freely that the recent statements of the British Prime Minister—

Mr. LAPOINTE (Quebec East): Speaking of collective security, may I say to my hon. friend that for a long time I have been a great supporter of this principle. But how can he get collective security, and can he hope for collective security as a protection, when some of the largest powers in the world refuse to join in any scheme of collective security?

Mr. MacNEIL: For the moment I am not arguing for collective security, and I realize as well as does the Minister of Justice, that there is not much hope of effective action under the present collective security plan. But I think he will agree that we should not abandon the ideal of a collective peace policy for the world, and that while the league perhaps has failed—

Mr. LAPOINTE (Quebec East): Meanwhile we cannot rely on it.

[Mr. MacNeil.]

Mr. MacNEIL: Even if the league has failed, we should not abandon it entirely; for it may provide a rallying point for world opinion. But let us be under no illusion as to the mistakes which have been made by the league, and for those mistakes the great powers must accept responsibility; for the league could not function without the consent of the great powers, principally Great Britain. However, I shall not attempt to elaborate these reasons to-night. I have my own opinion as to that; but it is clear, I think, from the experiences of Ethiopia, Spain and China, that when the great powers might have stood by some form of collective action in restraint of aggression, no effort was made to do so.

Mr. MACKENZIE KING: May I say this to my hon. friend: Is he quite sure that other nations which assumed an obligation in regard to collective security were equally prepared to play the part Great Britain was prepared to play in enforcing it? The hon. gentleman is putting it all on the shoulders of Great Britain. I am inclined to think that Great Britain was quite prepared to do all she could to further the doctrine of collective security, but she was not equally sure as to the support she would receive from some others.

Mr. MacNEIL: I think the Prime Minister is right in some respects, but not entirely so. There were other powers who shared the responsibility for the failure of the league, it is true; but British statesmen at Stresa, as the record now shows, were well aware of Mussolini's intentions with regard to Ethiopia, and at that time they gave no indication that they disapproved. It was not until the peace ballot was held in Great Britain in 1935 that the British government attempted to restrain Mussolini. The Prime Minister well remembers the statements made in the British House of Commons at the time Japan first contemplated its raid into Manchuria, when prominent supporters of the British government attempted to defend the action of Japan, and so on.

I cannot see how anyone can defend the actions of the British government with regard to Spain. The non-intervention pact has proved to be a farce. It has not limited the area of conflict or protected democracy. I know there is a difference of opinion on this matter, but many people feel that to-day the British government is not truly representative of the opinion of the British people. Of course, the truth of this will be determined at the polls, but this is one of the reasons for the growing distrust. There is no likelihood that the next war will come as a result of any

attempt to maintain collective action in restraint of aggression. The next war will come when the great powers determine that they must defend their imperialist interests.

I shall not take up the time of the committee any longer, but I should like to deal for a moment with the constitutional difficulties of our relationships within the commonwealth. It would be difficult to justify Canadian participation in any external war on any basis or for any cause, even in defence of the commonwealth. We must consider that, in the event of trouble, the British navy will be engaged, not on one but on three or four fronts. To dispatch troops overseas from this dominion might be a magnificent gesture of empire solidarity, but in my opinion and in the opinion of many military experts it would be nothing less than sheer nonsense. Great Britain could not divert sufficient naval strength successfully to convoy troops across the oceans.

Furthermore, as has been pointed out forcibly in The Economist recently, the protection of our resources are of vital consequence to the commonwealth. To dispatch an expeditionary force of five, six or seven hundred thousand men, three or four divisions, would certainly definitely wreck our defences in Canada and at the same time invite reprisals from abroad. These are matters that must be taken into consideration when we consider any preparation for participation in an external war. In spite of this, there is the presumption that we must prepare for overseas war. What will be the position of Canada should we engage in an external war in which the United States is not definitely concerned? Canada's position would be a most unhappy one, particularly in view of the recent neutrality legislation of the United States. There would be considerable difficulty in attempting to finance a war in which Great Britain was engaged without access to Wall Street credit. We would jeopardize our economic life if all the commodities purchased in the United States were placed on a cash and carry basis, because at the same time our sea-borne trade across the Atlantic and the Pacific would be handicapped and interfered with. Consider the results upon our relations with the United States of attempting to force the rights of belligerency against neutral shipping. We cannot afford to have anything in the semblance of a rupture with the United States, and that would certainly occur if we engaged in a war which would not be considered by that country as one of self-defence.

I think this was recognized by Great Britain when she accepted naval parity with the United States and when, in effect, she agreed to share with that country the responsibility of defending the sea lanes across the northern Atlantic and Pacific. What is still more important, this means that Great Britain is depending upon the permanence of friendly relations with the United States. From the practical standpoint we cannot safely engage in a war such as would jeopardize these relationships. Sentiment is all very fine; but, as one writer has said, geography is always with us. It would be the greatest tragedy, not only for Canada but for the British commonwealth, to have these relationships jeopardized in any way. I suggest that, as a matter of defence and to prevent this undermining of our natural advantages, we should give first consideration to the first line of defence, that is, our external relations.

In my opinion we have not done all that might be done in this connection. The reason I brought up the question of our relationship within the empire is that it is essential that Canada should gain freedom of action if we are to make an effective contribution to world peace. There must be freedom of action within the commonwealth. As far as I can interpret the report of the imperial conference of last summer, that issue was to the fore. Australia certainly suggested a non-aggression pact. It was clearly understood that South Africa probably might not be interested in a non-aggression pact on the Pacific. There was a definite suggestion that there should be a regional regrouping within the empire as determined by geographical requirements. I think it is clear from the statement made last year by the Prime Minister that Canada did not accept any definite commitments, because our policy must be determined in a large measure by our relationship with and proximity to the United States. I think the time has come when we should be given greater freedom of action.

Freedom of action does not mean separation from the commonwealth. It would mean an escape from what appears now to be an attempt to enforce artificial unity within the empire. One scheme of empire defence is something that is not consistent with the practical requirements of the situation. Freedom of action such as I have suggested would open the way for natural development of policy, for cooperation and association in those matters in which we are mutually interested, and for the entry into a definite international enterprise leading to a collective peace policy. I am not suggesting that we have any strength as a military nation or that we should do other than the Prime Minister has suggested, that is, take a back seat in measures of coercion. As a trading nation we have economic importance, and I think on that basis

we can make a definite contribution to economic appeasement and international cooperation. I hope that during this discussion the minister will make it quite clear that nothing exists in the way of tacit commitments—

Mr. MACKENZIE (Vancouver): I can make it clear now; there is none.

Mr. MacNEIL: —that there are no tacit commitments which will put us in a position where we could not withdraw from participation in an external war.

Mrs. MARTHA LOUISE BLACK (Yukon): Mr. Chairman, what we have heard from every side during the past few weeks reminds me of what we heard just over a quarter of a century ago. I remember being in the Yukon at that time of rumours of war and saying to my husband, "Do you believe what Borden is saying, that there is a danger of war?" My husband replied, "Personally I do not believe it, but the Prime Minister says there is danger of war, and if I follow him I must believe what he says." So, when I hear the government say that we must prepare for eventualities, I am led to believe that the government in power must know that we have to prepare for eventualities which may not happen, which we hope will not happen, but at the same time we must be ready.

This is the third session that I have been in the house. I have refrained in the two previous sessions from taking any part in the debate on the militia estimates. I had to. My youngest son was in the regular army; my oldest son was a naval reservist in the United States forces, and I felt that under no circumstances could I say anything which would lead anybody to believe that I was inclined to a military mind, because I was not. I consider that I am an average woman and an average mother. I brought up my children to obey discipline and orders when the discipline and orders were necessary. I did not bring them up to be cannon fodder; I brought them up with the idea that if a country is good enough to live in, it is not only good enough to live in but good enough to die for if we have to die for it. None of us wants to. We all want to live. We all want to enjoy the sunshine and God's free air; but at the same time I believe every thinking man and woman want to feel, if the call comes, that they are ready. The call might come for one of us to fight; the call might come for another to remain on the farm; the call might come for another to cook, to do all sorts of menial labour; but as men and women, when that call comes, we must be ready. I do not doubt this for one moment.

In preparing for war, for the horrible eventuality as it is nowadays, we are doing as we do when we take out a life insurance policy, or fire or burglary insurance. For years and years I have kept on paying insurance, not that I expected my house to burn, not that I expected to die immediately, not that I expected burglars to enter; but at the same time I was going to be ready, and I think the minister in his speech has made it quite clear that he wants to be ready in case of a horrible eventuality.

We in the north have felt until the last few years that we were free from fear; but now when I go to my door in the summer and look overhead and see perhaps twelve or fourteen aeroplanes in the air at one time; when I hear over the radio five minutes after a crime has happened in China, that it has happened, I think, What may this all mean to me? What may this all mean to those of us on the outposts of the empire if we are not prepared, if we are not careful? Heaven knows I do not want war. I do not want to go through what I went through in London for three and a half years, when I listened to the shrieking sirens and saw the aeroplanes and those horrible zeppelins on fire and falling in flames, with many men jumping from them. I do not want to see that again. I do not want to visit those hospitals again and see men and boys near and dear to me, as I saw so many. But with the dictators to-day doing as they are, can we do anything but prepare and be ready for what may come to us? We have a country to the south of us which in self-defence will help us; but if she helps us she expects us to help her, and we have all been taught that the Lord helps those who help themselves.

I perhaps may not always agree with everything the minister may say, but at the same time I know him to be a cautions, canny Scot. I know he is not going to rush us into an expenditure of life or money unless it is absolutely necessary, and so with all my heart and soul, while praying that there may be no further trouble in this country, I shall support him.

Mr. PAUL MARTIN (Essex East): Mr. Chairman, I sincerely trust that the hon. member for the Yukon (Mrs. Black), who is not only an hon. member but, I trust she will allow me to say, also a lovable one, will permit me to extend to her my very sincere congratulations upon her excellent speech. If I do not spend any time in discussing her important statement, it will not be because I do not regard it as having a proper place in this discussion.

I feel, in taking part in this debate, that there is the difficulty of making sure not only that one's words and phrases are well chosen but that one's temper as well is held in proper restraint. I think the hon. member for Vancouver North (Mr. MacNeil), who spoke preceding the hon. member for the Yukon, is likewise deserving of congratulations upon a speech which revealed a great deal of research and, if I may suggest, a speech which can be differentiated from the one he made last year in discussing this matter by a display of good temper, which I shall endeavour to follow. He presented a point of view almost the direct opposite of that presented by the hon. member for Greenwood (Mr. Massey), and I think my contribution can best be made by an analysis of these two points of view.

First of all, the hon. member for Greenwood made a speech that should occasion sincere congratulations for the manner in which it was delivered, and if I do not agree with its content it will not be because I have not a high regard for the hon. member. I suspect that he was dominated essentially this afternoon, not by a lack of appreciation of the seriousness of the problem, but by the difficulty that while, on the one hand, he wanted to agree with the Minister of National Defence (Mr. Mackenzie), he did not find it a wise expedient in all the circumstances to do so. When he said the present estimates are inadequate, he gave us one indication that those who say they are wholly adequate will find themselves with at least one opponent. But if these defence estimates are inadequate, surely there is a responsibility on the part of the hon. member to indicate in what respect.

Mr. MASSEY: I did.

Mr. MARTIN: Well, he did? The hon. member made generalizations. He referred to the fact that the Statute of Westminster had imposed upon us as a nation responsibilities which were not being lived up to in the level of the present estimates. The Minister of National Defence is guided by experts; it is to be assumed that he is carrying out their recommendations, and I do not believe it is in the interests of a solution of this problem to take an extreme view in respect of either higher estimates or lower estimates.

Again, may I suggest this, that when the hon. member for Vancouver North was speaking, and again when the minister was speaking—and I say this as one who has no pretensions at being a soldier—I felt like making an interjection as to the wisdom of discussing in this chamber details of our military operations or of our armed strength. Surely there is another place for that, and there should not be in this chamber a discussion of details of this kind. Parliament is the place to discuss policy. Parliament is the place to discuss the foreign policy upon which the present estimates, inadequate or adequate, should be based.

Regarding the charge of inadequacy made by the hon. member for Greenwood, we might as well face the realization that this country could not adequately defend itself in a major conflict. I do not know whether the Minister of National Defence would agree with this statement, but I believe there is no question that in the event of a serious war on any front this dominion could not hope adequately by itself to defend itself, and the level of defence which we now have must largely be dictated by that circumstance. I certainly disagree with the hon. member for Greenwood when he says now that we are a nation; now that we are a member of the family of states, the stamp of our nationhood should be determined by our military, naval or air strength.

Mr. MASSEY: I made no such statement.

Mr. MARTIN: If the hon. member says he did not, I suggest that he should reread his speech.

Mr. MASSEY: I have.

Mr. MARTIN: I have before me his actual words. If I misunderstood the hon. member, I certainly withdraw what I have said. Assuming that he is correct in his correction of me, and speaking generally, I repeat surely that is not the test of nationhood. It may have been at one time part of the concept of sovereignty, but to-day we are not to be characterized as a nation in proportion to our armed strength.

With regard to what the hon. member for Vancouver North has had to say, I could not help noting that there was a great change in his attitude this year as compared with last, not only as regards temper but with respect to what I may call a tacit acceptance of these defence estimates. He spoke of tacit commitments, and he gave me the impression that he had tacitly although reluctantly declared himself in support of these estimates, although perhaps he would have preferred to see them distributed in a different manner. I do not think the hon. member is doing justice to the committee, to the problem or to our people, in saying, what has been inferred on several occasions during the present session, that there is a suppression of debate in respect of foreign policy. Before I resume my seat, I propose to make some statements

with which, I am sure, the government will not altogether agree. There is no restraint upon me in making these observations, any more than there is a restraint on the hon. gentleman opposite. What the Prime Minister (Mr. Mackenzie King) has indicated in the leadership that he has given in this matter is simply that which characterizes all public assemblies throughout the world at the present time, that whatever we say should be stated not without some serious consideration of what is to be said, not without some serious appreciation likewise of the intensity of the present situation.

Mr. MACKENZIE KING: My hon. friend might add—and how what is said here will be construed elsewhere.

Mr. MARTIN: And how what is said here may be construed elsewhere. I think that addition is proper. I share in no less a manner what the hon. member has said by way of characterization of the deplorable situation in which the world now finds itself. There is no question that this view is shared by every hon. member. The fact that the heads of certain states, particularly the totalitarian states, are able, by the employment of force, not only to violate covenants and treaty obligations but to violate the whole tradition of the post-war world, should not prevent a clear recognition of a fait accompli, or preclude an attempt to deal with foreign policy in the light of those facts.

What we in this chamber should not fail to do is to make a differentiation of function. In this house the hon. member for Vancouver North is not speaking as a professor or as a mere student of the problem; he is speaking as a member of parliament. What he states here should be from a different point of view from what he would say if he were in the lecture hall of a university or making a public lecture apart from his responsibility as a member of parliament. I mention this in order to set out what I think is the position of the Prime Minister in this respect. The Secretary of State for External Affairs in this country, like the minister of foreign affairs in any other country, is charged at this time, not with what ought to be, not with what has been, but with what is. The conduct of foreign affairs, then, is definitely related to questions of expediency, of commitments in the interests of peace. By that I do not mean that "peace at any price" should always be the excuse of those charged with the conduct of foreign affairs. I agree that one has some justification in such an instance to ask if peace at any price, does mean peace.

[Mr. Martin.]

The hon. member for Vancouver North this year, as last, has spoken of commitments. It will be remembered that when he made that charge last year, I asked him: Against which countries are we committed to prosecute a war of aggression? And on the basis of his speech to-night he can speak only of a war of aggression. Against what countries are we preparing to fight? Against the United States? Against Japan? Against France? Are we preparing to fight Germany? The hon. member has a responsibility as a member of parliament, and in his sincere approach to the problem I think he should be in a position to give an answer to a question of this kind. The fact that we have defences to the extent we have is in itself no implication, open or covert, that we have commitments. Further than that, it seems to me that unless public life in this country has been reduced to a negligible quantity, we should assume that, when the Prime Minister speaks, and when his ministers speak and give us repeated assurances of the sort that the Minister of Defence has given to-night, we should accept them.

I propose to recall to the committee the statement of the Prime Minister at Geneva a year and a half ago. As far as I can recall, it has never been placed on Hansard. I myself heard him speak from the tribune of the League of Nations. The British delegation, made up, as I believe it then was, of Lord Halifax, Mr. Eden, Mr. Malcolm Macdonald and Mr. Morrison, Viscount Cranborne and Mr. Shakespeare being present as alternate delegates, were seated in the assembly of the league along with representatives of the greater powers and other countries. What was the statement the Prime Minister made? It was not made in this parliament in the absence of the British ministers. It was not made simply to foreign ministers with the British ministers absent. It was made in the presence of the Secretary of State for Foreign Affairs, the Secretary of State for Dominion Affairs and the then leader of the government in the House of Lords now the Secretary of State for Foreign Affairs. Our Prime Minister stated to them and to the world that Canada had no commitments with any unit or with any body, and in respect of a conflict she reserved for herself through her parliament what she would do in the case of war. Surely a serious declaration of that sort, pitted against the statement of the hon. member for Vancouver North, clearly indicates that if it is a question of accepting words, there is no question as to what this house or this country will do.

Mr. COLDWELL: Can the hon. member tell us what the Prime Minister said in Paris?

Mr. MACKENZIE KING: I shall tell the hon. gentleman that myself, in due time. May I say that the meeting at Geneva to which my hon. friend is referring was the year before last.

Mr. MARTIN: The Prime Minister is able to speak for himself; I do not want to assume the role of Prime Minister.

An hon. MEMBER: Not yet.

Mr. MARTIN: Well, one can never tell. Not only at Geneva, but in a speech delivered in Canada again after his return, and during last session, time and time again the Prime Minister has stated the traditional policy in this respect of successive Canadian governments. One thing we may be satisfied about at the present time in Canada is that all political parties who have yet assumed office have agreed on one fundamental. The hon. member for Vancouver North has said that we must at least have a foreign policy upon which we can base our estimates, and he is quite right. It is in the examination of our foreign policy that I propose to make my reply to him to-night.

Sir Wilfrid Laurier, speaking in this chamber in 1900, said:

> Whilst I cannot admit that Canada should take part in all the wars of Great Britain, neither am I prepared to say that she should not take part in any war at all. I am prepared to look upon each case upon its merits as it arises. . . . I claim for Canada this, that in the future Canada shall be at liberty to act or not to act, to interfere or not to interfere, to do just as she pleases, and that she shall reserve to herself the right to judge whether or not there is cause for her to act.

That was in 1900, and that was the first declaration in this chamber by a prime minister of Canada on this problem. Sir John A. Macdonald had declared himself in equal terms if not more violently outside this chamber, though I am confining myself to statements made by prime ministers in this house. Compare that statement with that of the present prime minister delivered at the League of Nations session in Geneva, the ninth plenary meeting on September 29, 1936:

> The Canadian House of Commons, by unanimous resolution, has made the adoption of undertakings to apply either military or economic sanctions subject to the approval of parliament.
>
> What I have said and quoted does not mean that in no circumstances would the Canadian people be prepared to share in action against an aggressor; there have been no absolute commitments either for or against participation in war or other forms of force. It does mean that any decision on the part of Canada to participate in war will have to be taken by the parliament or people of Canada in the light of all existing circumstances; circumstances of the day as they exist in Canada, as well as in the areas involved.

I have taken some time and some pains to reiterate this aspect of the problem. But in the face of these pronouncements, how can any hon. member in this house or anyone outside say that we have commitments, tacit or explicit, with any country? One examines the argument of the hon. member for Vancouver North and it is this: Since we are members of the British Empire—and he might as well have applied it to the League of Nations; he might as well have said, "Since we are members of the League of Nations," or "Since we are a North American country"—these very affiliations constitute in themselves commitments tacit or explicit. That is what his argument amounts to. But the mere fact that we are members of the British Empire, members of the League of Nations; the mere fact that we are a north American country, neighbour to a great republic, one of the great powers of the world—do these facts, and these facts alone, constitute commitments?

Mr. MacNEIL: I was referring simply to commitments for military action abroad.

Mr. MARTIN: That is what I am referring to; we are discussing military estimates. If that is the only reply which the hon. member has to give, I take it that my interpretation of what he has said is correct.

The view of Professor Underhill in this matter is as valuable as the view of the Minister of Pensions. In this case, neither view is worth anything. They are the views of individual men. I sat in conference last May with Professor Underhill for a week discussing the problem, and there were present not only Professor Underhill but other distinguished academic people, most of whom I suspect are supporters of the group to which my hon. friend belongs. While we took no vote—as he well knows from this document which I cannot quote; I can only refer to it; I cannot discuss it because of the auspices by which it is distributed the majority took issue with Professor Underhill because they were unwilling then, in the face of the world uncertainty, to pass dogmatically upon the question in the manner in which Professor Underhill so often does; and I say that without being unkind to a man for whom I have the highest regard personally and intellectually

There is a great tendency in Canada to say that we have no foreign policy and that, consequently, since Canada has no foreign policy, there is a responsibility upon the admin-

istration of the day to declare its policy in respect of the situation in Europe, the situation in Spain—and I mention Spain with emphasis—the situation in China, Japan, and elsewhere. Well, I suggest that in approaching this problem we should divide it into two. With respect to the period following the war until two years ago, I would share almost entirely the criticism levelled by the hon. member for Vancouver North; but as regards the period since then, looking at the realities of the situation, as one must in parliament, I submit that one must take these later developments into consideration. At the Canadian-American Conference held at Queen's University last summer I sought to make this distinction in replying to the very excellent presentation of Doctor Dafoe, one of the most profound students of International Affairs in Canada.

As to the first period let me say I am not going to deny that the present disturbance, the present uncertainty, in Europe, might have been avoided by courageous statesmanship, by a belief in the League of Nations, actively, as well as in form and theory. I do not deny that. I shall never forget when I attended for the first time an assembly of the League of Nations in 1929. It was the last appearance of the then Chancellor of Germany, Doctor Gustav Stresemann, one of the greatest of modern Germans and one of the most peace loving men of modern Europe. Standing before the Assembly of the League of Nations, with tears running down his cheeks, the victim of a fatal disease, a dead man soon afterwards, and turning and addressing himself particularly to Aristide Briand, then Minister of Foreign Affairs, he said in substance:

Unless the world will recognize the injustices of the peace treaties; unless it will recognize that you cannot in this day of economic and political interdependence strangle one country in the hope that other countries will benefit, someone will come in my place; someone will come in as head of the German people and will be able to play upon these injustices in these peace treaties, will be able to refer to the guilt clause, to the unwise occupation of the Ruhr, and all that meant in making the middle classes of Germany a fertile soil for the totalitarian ideas now current in Germany. Unless these things are done, someone will come in and will be able, by refusal to recognize his intellectual responsibility in the matter, to rouse the German people to the use of force to get these things which are denied them by a Carthaginian peace.

I do not deny all that. But that is not the picture to-day. The fact to-day is that the League of Nations, the collective security system to which the hon. member for Vancouver North has referred without defining what he meant by collective security, in respect of political action is at the moment absolutely impotent to deal with disturbances in Europe or any other part of the world. Not only that; but if one goes back to the origins of the covenant; if one reads, for instance, the life of General Smuts by Sarah Gertrude Millin, one will find that when sanctions, economic, and military as well, were provided for, it was never intended that they should apply outside the regions involved. In other words, it was never intended that military sanctions in respect of a European conflict should be enforced by countries outside Europe. That was confirmed by the Sino-Japanese dispute and the Bolivia-Paraguay affair. Sanctions in none of these instances were contemplated or even attempted on the part of any country. I merely mention that to indicate that in our talking about collective security, collective action, we must not assume that our wishes are actually embodied in the covenant of the league. Speaking as one who came out of college full of the traditions of the late war, fully convinced that if civilization were to be preserved the agencies of conference and of law had to supplant force as an instrument of national policy, and as one who to-night may perhaps be said to represent thousands of young men and women throughout this country, I say that no greater disillusionment could come to one of my generation. One must recognize the occasion for the disillusionment. That is the important point which we cannot overstress in discussing this matter.

The Minister of National Defence specified to this committee five groups that he finds in this country in respect of foreign affairs. I think those five groups are, mathematically speaking, as accurate perhaps as a mere description could be. However, I suggest to him that perhaps he will not find a majority of people entirely subscribing to his fifth group, but the majority of people doubtless come within any number of these five categories of public opinion. In respect to the last two I can find points of agreement, and I know that many thinking people in this country share the same view. If one analyses these groups and what they mean in terms of public opinion in Canada, the irresistible conclusion is that if the Prime Minister to-morrow told the house that in a given event we were going to take up arms for this or that party, he would doubtless find support in some sections of this dominion, but he would find other sections diametrically opposed. What would be the result? In an attempt to bring peace to the world, he would

be causing unrest and the antithesis of peace in his own country. One could cite example after example to illustrate that. I found it so myself. Making a tour of Canada last year I went into many sections of this great dominion, and speaking frankly of these problems I found such a variety of opinion as, in some instances, to compel me to disguise my views. If that is so in the case of a private member, surely hon. members will not fail to see it as applying still more to those who form the ministry of this country.

The hon. member for Vancouver North will find me agreeing with him on at least one point, if not with his reasoning, at least with his conclusion. We should not hesitate to obtain for this country the right of neutrality. I am not saying that I agree that we should declare now what we shall do in a given instance in respect of being neutral or not being neutral. But we should have that right. Let me point out, however, that this will not remove the difficulty which the hon. member has in mind. South Africa has that legal right; yet in international law, in spite of the constitutional and legal precautions she has taken, in the event of war involving any part of the empire she would find herself likely to be considered by any belligerent as being involved in that war. Therefore, the mere right of neutrality within the present constitutional arrangement will not meet the problem.

Again I take serious issue with the hon. member for Vancouver North. Constitutionally there is no question that we have the right to be neutral in any given event. That has been gone over in this house time and time again. If the hon. member will refer to the statement of the Prime Minister, I think in 1926, on this very point, he will find there quoted the speeches of Berriedale Keith, Corbett and others whose opinions he has discussed to-night. The conclusion is that constitutionally we have the right, in case of one part of the empire being involved, to declare our neutrality. International law, however, may present a different situation. As a practical matter I suggest this, that if war took place in which Canada sought to assert the right of neutrality, if a belligerent, having in mind our empire relations or our North American affiliations, found it convenient to attack Canada, that belligerent would not hesitate to do so because of certain legal or constitutional refinements. That cannot be too clearly emphasized.

Progress reported.

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

Monday, March 28, 1938

The house met at three o'clock.

CANADA-HAYTI TRADE

APPROVAL OF AGREEMENT SIGNED ON APRIL 23, 1937

Hon. W. D. EULER (Minister of Trade and Commerce) moved for leave to introduce Bill No. 79, respecting a certain trade agreement between Canada and Hayti.

Motion agreed to and bill read the first time.

CANADA-GUATEMALA TRADE

APPROVAL OF AGREEMENT SIGNED ON SEPTEMBER 28, 1937

Hon. W. D. EULER (Minister of Trade and Commerce) moved for leave to introduce Bill No. 80, respecting a certain trade agreement between Canada and Guatemala.

Motion agreed to and bill read the first time.

INSURANCE COMPANIES

AMENDMENT OF CANADIAN AND BRITISH INSURANCE COMPANIES ACT, 1932, AS TO INVESTMENT OF FUNDS

Hon. CHARLES A. DUNNING (Minister of Finance) moved for leave to introduce Bill No. 81, to amend the Canadian and British Insurance Companies Act, 1932.

Mr. STIRLING: Explain.

Mr. DUNNING: The object of this bill is to enable Canadian insurance companies to invest in equipment trust securities of Canadian railways, and also to include among the permitted investments certain securities of public authorities of the United Kingdom and of the dominions which are not now permitted under the Insurance Act.

Motion agreed to and bill read the first time.

NEW WESTMINSTER HARBOUR

EXTENSION TO INCLUDE SMALL AREA BETWEEN NEW WESTMINSTER AND NORTH FRASER HARBOURS

Hon. C. D. HOWE (Minister of Transport) moved for leave to introduce Bill No 82, to amend the New Westminster Harbour Commissioners Act.

He said: This bill provides for the inclusion in the New Westminster harbour of a small area of land situated between the present jurisdiction of the New Westminster har-

bour commissioners and the jurisdiction of the North Fraser commissioners, the land having reverted to the Department of Transport. This matter arises through a revision of the act concerning the North Fraser harbour commissioners made a few years ago. It is felt desirable that this particular area should be administered by the New Westminster harbour commissioners.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 65, respecting Révillon Frères Trading Company, Limited, and to change its name to Rupert's Land Trading Company.—Mr. Maybank.

Bill No. 66, respecting The Restigouche Log Driving and Boom Company.—Mr. Veniot.

Bill No. 68, for the relief of Annie Elizabeth Climie Adams.—Mr. Jacobs.

Bill No. 69, for the relief of Margaret Alice Mizener.—Mr. Walsh.

Bill No. 70, for the relief of Frances Dorothy Scott Skinner.—Mr. Emmerson.

Bill No. 71, for the relief of Esther Rotman Resnick.—Mr. Jacobs.

Bill No. 72, for the relief of Dorothy MacFie Safford Dale.—Mr. Jacobs.

Bill No. 73, for the relief of Alice Temple Jamieson Adair.—Mr. White.

Bill No. 74, for the relief of Gladys Kathleen Crook O'Sullivan.—Mr. Emmerson.

Bill No. 75, for the relief of Geraldine Estelle Bamford.—Mr. Jacobs.

Bill No. 76, for the relief of Charles Marie.—Mr. Ross (St. Paul's).

Bill No. 77, for the relief of Rosamond Cheriton Stoyle Macdonald.—Mr. Jacobs.

CANADIAN PACIFIC RAILWAY COMPANY

Mr. J. M. TURNER (Springfield) moved the first reading of Bill No. 67 (from the senate) respecting the Canadian Pacific Railway Company.

Mr. STIRLING: Would the sponsor of this bill kindly explain?

Mr. TURNER: Mr. Speaker, the purpose of this bill is to allow the Canadian Pacific Railway Company to enter into a ten-year lease with the Winnipeg River Railway Company for the operation of its line which the Canadian Pacific Railway Company has been operating under agreement for the past three years.

Motion agreed to and bill read the first time.

[Mr. Howe.]

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

YOUTH TRAINING PROGRAM

Mr. MARTIN:

1. What opportunities are being offered to rural youth under the dominion-provincial youth training program?

2. Which provinces have to date signified their intention of continuing the youth training program under the dominion-provincial arrangement of last year?

Mr. ROGERS:

1. The following courses are available to rural youth under the dominion-provincial youth training program:—

Prince Edward Island—

Courses for young women in homecraft and cooking, home nursing, first aid, handicrafts.

Courses for young men in blacksmithing, carpentry, farm mechanics and general agricultural subjects, fishing (including simple accounting, curing, boning, packing and marketing of fish)—forestry (cultivation and care of woodlots), rural leadership courses at St. Francis Xavier University.

Nova Scotia—

Courses for young women in cooking, homecraft, handicrafts, home nursing, beekeeping, poultry, gardening.

Courses for young men in egg and poultry grading, farm mechanics, short agricultural courses in specialized subjects.

New Brunswick—

Courses for young women in homecraft and handicrafts.

Courses for young men in rural leadership at St. Francis Xavier University, courses in agriculture at Carleton county school and Fredericton Agricultural College, forestry training during summer of 1937.

Quebec—

Courses for young women in homecraft, handicrafts and agricultural subjects in parishes.

Courses for young men in forestry training during winter—agricultural cooperatives and training for credit unions—two-week parish courses in agricultural subjects.

Ontario—

Courses for young women in catering (two-week courses) for tourists, rug weaving, dressmaking and sale of home-baked products.

Manitoba—

Courses for young women lasting six weeks to three months in agricultural subjects, home-

craft, handicrafts, dressmaking, physical education and citizenship with provision for recreation, dramatics, etc.

Courses for young men group taking six months course in agriculture at the the University of Manitoba.

Courses six weeks to three months in agricultural subjects with provision for recreation and social activities.

Saskatchewan—

Courses for young women lasting from one week to six weeks in agricultural subjects, homecraft, home nursing, handicrafts and dressmaking, recreation, etc.

Courses for young men lasting two weeks to two months in general and specialized agricultural subjects, farm mechanics and management, also attendance at short and long winter agricultural courses at the University of Saskatchewan directed by the extension department of the University of Saskatchewan.

Alberta—

Provision has been made for farmers' sons to attend the six months courses at the agricultural schools at Olds and Vermilion.

Courses for both young men and young women lasting two to four weeks with provision for separate class instruction and practical demonstrations in agricultural subjects, farm mechanics, farm management and accounting, poultry, etc. Homecraft and handicraft, citizenship and general cultural subjects. Provision for recreation, evening programs, debates, etc.

British Columbia—

One course in chick sexing.

The total number of young people participating in the courses enumerated above is approximately 10,000.

2. The provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia and Prince Edward Island have signified their intention to continue the youth training program along the general lines of the present agreements. Ontario has definitely stated its intention to continue home service training, and is still giving consideration to the balance of the training items at present in operation.

CANADIAN NATIONAL RAILWAYS—CALUMET POINT-OKA VILLAGE, REPORTED EXPROPRIATIONS

Mr. LACOMBE:

1. Have Canadian National Railways expropriated certain pieces of land between Calumet point and Oka village with a view to extension in that district?

2. If so, when were such expropriations effected?

3. From what point to what point, and what length?

4. What was the cost of such expropriations?

Mr. HOWE:

1. No.

2, 3 and 4. Answered by No. 1.

SIGNAL CORPS EMPLOYEES, BARRIEFIELD, ONT.

Mr. CLARKE (Rosedale):

1. Are any or all of the following persons employees at the signal corps, Barriefield, viz.: C. Patterson, J. Tames (T. James), C. Woodruff, P. Duckett?

2. Are they employees under the Department of National Defence or the civil service commission?

3. If under the department, when were they appointed, and on whose recommendation?

4. If under the civil service commission, was the position advertised?

5. What is the monthly salary in each case?

6. On what date were they appointed?

7. What was their respective addresses at the time of appointment?

Mr. MACKENZIE (Vancouver):

1. Yes.

2. Under the civil service commission.

3. See 2.

4. Not yet advertised. Men were taken on under Section 39, Civil Service Act; commission was asked on February 25, 1938, to issue certificates.

5. $75.

6. February 14, 1938.

7. C. Patterson, Sunbury, Ont.; T. James, 466 Victoria St., Kingston, Ont.; C. Woodruff, Sydenham, Ont.; P. Duckett, 164 Pine Street, Kingston, Ont.

Mr. CLARKE (Rosedale):

1. Are any or all of the following employees at the signal corps, Barriefield, under the Department of National Defence, viz.: C. A. Murphy, B. Ladouceur, James Norris, S. Hepburn?

2. What is the monthly salary in each case?

3. On whose recommendation were they appointed?

4. What was their respective addresses at the time of appointment?

5. On what date were the appointments made?

Mr. MACKENZIE (Vancouver):

1. Yes.

2. C. A. Murphy, B. Ladouceur, James Norris: $95; L. V. Hepburn, $85 and rations.

3. District Officer Commanding, Military District No. 3, Kingston, Ont.

4. C. A. Murphy, 90 Rideau St., Kingston, Ont.; B. Ladouceur, 507 Bagot St., Kingston, Ont.; James Norris, 3 Millers Lane, Kingston, Ont.; L. V. Hepburn, 88 King St., West Kingston, Ont.

5. October, 1937.

Mr. ROSS (St. Paul's):

1. Are W. Anderson, T. J. Lennon, B. Curran, W. J. Trenhaile, employees at the signal corps, Barriefield, under the Department of National Defence?
2. If so, what are their respective monthly salaries?
3. On whose recommendation was each appointed?
4. What were their respective addresses at the time of appointment?
5. On what date was each of these men appointed?

Mr. MACKENZIE (Vancouver):

1. Yes.
2. W. Anderson, $85 per month and rations; T. J. Lennon, $95 per month; B. Curran, $95 per month; W. J. Trenhaile, $95 per month.
3. All recommended by District Officer Commanding, Military District No. 3, Kingston, Ont.
4. W. Anderson, Transferred from Camp Borden with signals unit; T. J. Lennon, Portsmouth, Ont.; B. Curran, Cataraqui, Ont.; W. J. Trenhaile, Kingston, Ont.
5. W. Anderson, Transferred October, 1937; T. J. Lennon, October 1, 1937; B. Curran, October 1, 1937; W. J. Trenhaile, October 1, 1937.

Mr. ROSS (St. Paul's):

1. Is William Burrows an employee at the signal corps, Barriefield?
2. If so, is he an employee under the Department of National Defence or the civil service commission?
3. If under the department, when was he appointed and on whose recommendation?
4. If under the civil service commission, was the position advertised?
5. What is his monthly salary?
6. On what date was he appointed?
7. What was his address at the time of his appointment?

Mr. MACKENZIE (Vancouver):

1. Yes.
2. Under civil service commission.
3. See 2.
4. Position not yet advertised. Engaged under Section 39 Civil Service Act. Application to commission for certificate made on February 25, 1938.
5. $75.
6. February 14, 1938.
7. 116 Charles St., Kingston, Ont.

Mr. ROSS (St. Paul's):

1. Are R. Allen and Arthur Twigg employees at the signal corps, Barriefield?
2. Are they employees under the Department of National Defence or the civil service commission?
3. If under the Department of National Defence, when were they appointed, and on whose recommendation?
4. If under the civil service, was the position advertised?
5. What are their respective monthly salaries?
6. On what date were they appointed?
7. What were their respective addresses at the time of appointment?

Mr. MACKENZIE (Vancouver):

1. Yes.
2. Civil service commission.
3. See 2.
4. Not yet advertised. Men engaged under Section 39, Civil Service Act, and application made to commission for certificates February 25, 1938.
5. $75.
6. February 14, 1938.
7. R. Allen, 278 University St., Kingston, Ont.; A. Twigg, 192 Barrie St., Kingston, Ont.

CANALS—CONSTRUCTION COSTS AND REVENUE

Mr. THOMPSON:

1. How many canals have been constructed by the federal government in Canada?
2. What is the name of each of these canals?
3. What was the cost of the construction of each of these canals?
4. What is the cost of the annual upkeep of each of these canals?
5. What revenue does the federal government derive from these canals?

Mr. HOWE:

Canal	Construction cost to March 31, 1937	Cost of upkeep fiscal year 1936-37	Revenue received fiscal year 1936-37
Main—			
Quebec canals head office	....	$ 33,109 45	....
Quebec dredge vessels	....	34,744 39	....
Lachine	$ 13,988,600 16	329,181 36	$187,092 88
Lake St. Louis	298,176 11	....	....
Soulanges—			
Soulanges	7,899,944 53	159,472 72	4,175 10
Beauharnois—old	1,636,029 29	18,117 07	....
Beauharnois—new	....	....	59,619 07
Lake St. Francis	75,906 71	....	....

Canal	Construction cost to March 31, 1937	Cost of upkeep fiscal year 1936-37	Revenue received fiscal year 1936-37
Main—*Concluded*			
Ontario-St. Lawrence—			
Head office	....	$ 40,256 51	....
Cornwall	$7,245,803 21	127,442 02	$32,305 97
Williamsburg	1,334,551 80	92,586 93	3,230 07
Farrans Point	877,090 57	....	....
Galops Canal	6,143,468 11	....	....
Galops Channel	1,039,895 65	....	....
Rapide Plat	2,159,880 80	....	....
North Channel	1,995,142 87	....	....
River Reaches	483,830 20	....	....
Welland Canals	131,943,735 22	747,820 00	208,691 23
Prior Welland Canals	27,540,386 58	....	....
Sault Ste. Marie Canal	4,935,809 42	48,280 60	217 00
Secondary—			
St. Peter's	648,547 14	10,250 63	169 29
Chambly	780,996 52	106,216 83	1,157 40
St. Ours	735,964 04	9,875 88	60 00
St. Anne's	1,320,215 63	14,118 42	241 00
Carillon and Grenville	4,191,756 51	111,036 70	1,566 60
Rideau, including Tay	4,703,810 22	238,323 47	10,374 87
Trent	19,962,694 27	283,021 24	6,511 53
Murray	1,248,946 71	16,171 30	311 00
Miscellaneous works—			
Hungry Bay Dyke	....	5,686 52	....
Culbute Lock and Dam	382,391 46	....	....
St. Lawrence Ship (sur. and inv.)	133,896 80	....	....
Chats Falls	....	....	1 00
Canals General	34,966 69	1,329 36	3 00
	$243,742,437 22	$2,427,041 40	$515,727 01

ST. LAWRENCE RIVER DREDGING

Mr. BRUNELLE:

1. What was the total amount expended for dredging the St. Lawrence river, from its inception to date, as far west as Montreal?

2. Of the total amount expended what proportion was for: (a) ship channel fleet, by purchase or construction; (b) maintenance and operation; (c) repairs?

3. What amounts of money have been expended by the government at the Sorel shipyard for the fiscal years 1933-34, 1934-35, 1935-36?

4. What maximum number of men could be employed at the Sorel shipyard under government operation to give the greatest degree of efficiency?

5. What was the average number of men employed at the Sorel shipyard in the fiscal years 1933-34, 1934-35, 1935-36?

6. In what physical condition was the ship channel fleet when it was sold?

Mr. HOWE:

1. $71,352,903.14 (from 1851 to date).

2. (a) $9,247,599.00 (records only cover 1900 to date).

(b) Ship channel fleet—$51,314,402.27 (incl. cost of dredging, plant, shops, etc.); contract dredging, $20,038,500.87; total—$71,352,903.14 (since 1851).

(c) $7,039,274.38 (government fleet only, records covering from 1905 to date only).

This figure included in Ship channel fleet, Answer 2 (b).

3. 1933-34—$526,697.99; 1934-35—$575,931.46; 1935-36—$530,893.80.

4. 250.

5. 1933-34—415; 1934-35—365; 1935-36—434.

6. The St. Lawrence ship channel dredging fleet was only twenty-five per cent efficient or serviceable, the balance being obsolete. Even the twenty-five per cent considered efficient or serviceable was reaching the limit of its usefulness in the class of work to be done.

MAPLE PRODUCTS

Mr. BLANCHETTE:

1. Which year has been the record year for production of maple products, and what was the amount of pounds and gallons produced?

2. Which year has been the record year for the exportation of these products, and what was the quantity exported?

Mr. EULER:

1. The year 1929 has been the record year for production of maple products when 11,699,000 pounds of maple sugar and 2,174,000 gallons of maple syrup were produced.

2. The fiscal year ended March 31, 1930 was the record year for the exportation of maple sugar when 12,501,047 pounds were exported with a value of $2,395,863. The fiscal year ended March 31, 1936 was the record year for the exportation of maple syrup when 208,646 gallons were exported with a value of $219,363.

BRAMPTON, ONT., ARMOURIES

Mr. GRAYDON:

1. What alterations, improvements and additions, if any, will be made this year with respect to the armouries at Brampton, Ontario?

2. What is the total estimated cost of said work, and when will it commence?

Mr. MACKENZIE (Vancouver):

1 and 2. The Department of National Defence have provided $250 to cover normal incidental repairs. An addition is under consideration.

RURAL MAIL DELIVERY

Mr. GRAYDON:

1. When was the system of rural mail delivery inaugurated in Canada?

2. What changes, if any, have been made in letting rural mail contracts since said inauguration?

3. How many rural mail routes are there now in the dominion?

4. What is the total annual contract price of said routes?

5. What percentage of the present contracts were renewed on the last expiry date? What percentage were put up for tender?

Mr. EULER (for Mr. Elliott):

1. 1908 (10th October).

2. During early development of rural mail delivery the service was confined to established mail stage routes, the contractors being paid 50 cents, 75 cents or $1.00 per box per annum in addition to the contract rate according to the frequency of the service.

When contracts for such services expired, new arrangements were made following the invitation of public tenders for service of all boxes erected on any rural mail route. This practice still maintains.

3. 4,540 on 31st December, 1937.

4. $2,722,050.57 as on 31st December, 1937.

5. (a) approximately 63.6%.

(b) approximately 36.4%.

[Mr. Blanchette.]

YOUTH TRAINING—DOMINION-ONTARIO AGREEMENT

Mr. GRAYDON:

1. Upon what date did the dominion-Ontario (youth training) agreement go into effect?

2. How many unemployed young women have entered training for household work and specialized services under schedule "C" of said agreement since the said agreement went into effect?

3. How many have finished their course of training?

4. How many are still training?

5. How many schools or training centres have been established for the above mentioned purposes, and where are they located?

Mr. ROGERS:

1. The agreement entered into with the province of Ontario with respect to youth training is effective from August 1st, 1937 to March 31st, 1938.

2. Up to February 28th, 425 young women had entered training for household work.

3. Up to February 28th, 144 had finished training and been placed in employment.

4. 188 were in training as at February 28th.

5. Seven training centres have been established one at each of the following points:—Ottawa, Toronto, Hamilton, Preston, St. Thomas, Windsor, Sarnia.

Mr. GRAYDON:

1. Since the date of dominion-Ontario (youth training) agreement, how many unemployed young men have taken advantage of the courses of training in practical farming, as provided in schedule "D" of the said agreement?

2. How many are at present with farmers under the provisions of the said agreement?

3. How many of the said trainees have completed their course of training under the supervision of farmers in the county of Peel?

4. How many of such trainees are still in training with Peel county farmers?

Mr. ROGERS:

1. Up to February 28th, 115 young men have entered training in practical farming.

2. 93 were still with farmers in February.

3. and 4. The reports received from the province do not give the information by counties.

FARM LOANS—MANITOBA

Mr. WINKLER:

1. In connection with the Canadian Farm Loan Act in Manitoba, what is approximately: (a) the amount of the average first mortgage loan; (b) of second mortgage loans; (c) of legal fees per loan?

2. How do legal fees per farm loan in Manitoba compare with those of other provinces?

Mr. DUNNING: The following return is furnished by the Canadian farm loan board:

1. Based on the number and amount of loans granted down to March 31, 1937, the average amount of first mortgage loans is

between $1,900 and $2,000 and the average amount of second mortgage loans is between $600 and $700.

Legal fees paid on each loan depend on the amount of the loan involved and also on the state of title and the difficulties involved in clearing title and perfecting the security for loan, these fees being payable in accordance with a scale of fees fixed by the board.

2. The tariff of legal fees payable in Manitoba also applies in the other prairie provinces. The tariff of legal fees payable under Torrens land titles registration systems, such as are operative in the prairie provinces, is lower than the tariff of fees payable under other systems of land registration where title searches present greater difficulties.

NATIONAL DEFENCE—FIGHTING PLANES AND ANTI-AIRCRAFT EQUIPMENT AND DEFENCES

Mr. ROSS (St. Paul's):

1. What is the number of modern fighting planes equipped with the latest fighting equipment and with a cruising speed of 250 miles per hour or more in Canada?
2. What anti-aircraft equipment of the latest type have we in Canada?
3. What anti-aircraft equipment of the latest device is on order, if any?
4. What steps are proposed to be taken, if any, to equip strategic points in Canada with anti-aircraft defences?

Mr. MACKENZIE (Vancouver): Mr. Speaker, with reference to the third question asked, it is not in the public interest to answer it, but I shall be very glad to give the hon. gentleman the information privately.

QUESTION PASSED AS ORDER FOR RETURN

CANADIAN NATIONAL RAILWAYS—NEW STATIONS

Mr. FERLAND:

1. Were any new stations built by the Canadian National Railways since 1930?
2. If so: (a) in what localities; and (b) what is the population of each of such localities?

MOTIONS FOR PAPERS

CANADIAN DELEGATION TO CORONATION

Mr. FAIR:

For a return showing—
1. The total number of delegates to the coronation ceremony during the year 1937, whose expenses were paid by the government of Canada;
2. The total amount of expenses paid by the government of Canada on account of the above delegation.

FARM LOANS—ALBERTA

Mr. FAIR:

For a return showing—
1. Number of applications made to the farm loan board for loans in the province of Alberta during the years 1934, 1935, 1936, 1937;
2. Total amount of such loans applied for during each of the above years;
3. Total number of loans granted in Alberta during each of the above years;
4. Total amount of such loans granted during each of the above years.

PURCHASE OF FEED AND FODDER FOR SASKATCHEWAN

Mr. PERLEY:

For a return showing, the names and addresses of persons or firms in Saskatchewan who were employed during 1937 in connection with the purchasing of feed and fodder for the province of Saskatchewan, in the province of Manitoba, or the state of Minnesota.

NATIONAL PARK IN ONTARIO

Mr. PERLEY (for Mr. Church):

For a copy of all letters, resolutions, telegrams, orders in council and other documents, dated during the years 1937 and 1938, exchanged between the government of Canada and any officer thereof, and the government of Ontario, or any officer thereof, or any other person or persons relating to the establishment of a national park in Ontario for the Muskoka, Georgian bay, lake Simcoe, and Trent canal district.

Mr. SPEAKER: Dropped.

NEUDORF, SASK., POSTMASTERSHIP

Mr. PERLEY:

For a copy of all correspondence, telegrams, petitions, requests and other documents exchanged between any person or persons, organization or organizations, the Postmaster General, his deputy or any officials of his department, the district post office inspector or any officials in the inspectorate at Moose Jaw, Saskatchewan, dated between the 1st of October, 1935, and the 31st of December, 1937, with respect to the dismissal of James C. Millar, postmaster at Neudorf, Saskatchewan, and the appointment of his successor.

CANADA AND GULF TERMINAL RAILWAY COMPANY

Mr. LAPOINTE (Matapedia-Matane):

For a copy of all telegrams, letters, resolutions and other documents exchanged since 1927 inclusive between the dominion government or any officer thereof and the Canada and Gulf Terminal Railway Company or any other interested person in connection with the purchase of such railway by the government.

DROUGHT AREA IN ALBERTA AND SASKATCHEWAN

Mr. FAIR:

For a return showing—
1. The acreage of the drought area in: (a) Alberta; (b) Saskatchewan;
2. The population of the drought area in: (a) Alberta; (b) Saskatchewan;
3. Number of acres under cultivation in the drought area of: (a) Alberta; (b) Saskatchewan;
4. The amount of the federal grant, per month since January 1, 1935, to the drought area in: (a) Alberta; (b) Saskatchewan;
5. Total grant paid since January 1, 1935, to the drought area in: (a) Alberta; (b) Saskatchewan.

Mr. GARDINER: Before this motion is adopted I should just like to explain that, in so far as No. 4 is concerned, there is no "federal grant per month since January 1, 1935 to the drought area in (a) Alberta; (b) Saskatchewan." I assume what is referred to there is the grant in aid which applies to the whole province. The other information can be given.

NATURAL RESOURCES

CONFIRMATION OF CERTAIN AGREEMENTS BETWEEN DOMINION GOVERNMENT AND PROVINCES OF MANITOBA, SASKATCHEWAN AND ALBERTA

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure to confirm certain agreements between the government of the dominion and the governments of the provinces of Manitoba, Saskatchewan and Alberta, respectively, concerning the transfer to the said provinces of the interest of the crown, in the right of the dominion, in and to certain natural resources.

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

Motion agreed to.

UNEMPLOYMENT RELIEF

MEASURE FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

Hon. NORMAN McL. ROGERS (Minister of Labour) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to bring in a measure to provide assistance towards the alleviation of unemployment and agricultural distress, and for such payments out of moneys, appropriated by parliament as may be necessary for all or any of the purposes of the proposed legislation.

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

Motion agreed to.

POLITICAL EXPENDITURES

Hon. C. G. POWER (Minister of Pensions and National Health) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure respecting political expenditures, and to make provision for the appointment and the salaries or remuneration of certain officers and employees and the payment of certain expenses in connection with the administration of the said measure.

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

Motion agreed to.

BUSINESS OF THE HOUSE

EASTER ADJOURNMENT FROM FRIDAY, APRIL 8, UNTIL MONDAY, APRIL 25

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

That when this house adjourns on Wednesday, 13th of April, it stand adjourned until Monday, 25th April, 1938 (daylight saving time).

Mr. E. E. PERLEY (Qu'Appelle): I desire to suggest to the Prime Minister (Mr. Mackenzie King) that he change the motion to read "8th of April" instead of "13th of April." As a westerner, and I believe many other western members will agree, I think it would be advisable to have a few more days. The additional Monday, Tuesday and Wednesday, Wednesday being the short day of the week, might facilitate the closing of business at an earlier date after Easter. I hope the Prime Minister will consider this proposed change.

Mr. A. A. HEAPS (Winnipeg North): I concur in what has been said by the previous speaker (Mr. Perley). If the house were to adjourn on the Friday previous to April 13 I do not believe it would prolong the session, and, by giving them practically an additional five days, it would give hon. members who live at a distance from Ottawa, whether east or west, an opportunity of visiting their homes or their constituents. If the present motion is adhered to and we adjourn on Wednesday, April 13, quite a number of members will be absent during those three days. Under these circumstances, and in view of the probability of the session being shorter than was at first expected, I support the change suggested by the hon. member for Qu'Appelle.

Mr. WILLIAM HAYHURST (Vegreville): I concur in what has been said by the two previous speakers. Many western members will not be able to return on time if the motion is adopted in its present form, and they do not wish to miss any part of the session. If we adjourn, as has been suggested, on April 13, we shall be compelled to travel at a time when traffic will be very heavy, because the railroads are then at the peak of

their passenger business. It would be much more convenient to travel immediately after the eighth.

Right Hon. W. L. MACKENZIE KING (Prime Minister): As I understand the suggestion of hon. gentlemen opposite, it is that the government so amend the motion as really to permit five extra days' absence from the capital but with a loss of only two and a half days of the time of the house.

Mr. BENNETT: Quite, and one a short day.

Mr. MACKENZIE KING: This would permit hon. members to have the benefit of a full fortnight's vacation. If that is the general wish of the house I shall be only too pleased to amend the motion to read:

That when this house adjourns on Friday, 8th of April, it stand adjourned until Monday, 25th April, 1938 (daylight saving time).

Motion agreed to.

VANCOUVER RELIEF

REQUEST OF CITY FOR DIRECT ASSISTANCE FROM DOMINION GOVERNMENT

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): Before the orders of the day are proceeded with I wish to put a question to the Minister of Labour (Mr. Rogers) with reference to the relief situation in the city of Vancouver. Over the week-end I received a number of official letters from Vancouver drawing attention to this very serious situation, which has of course existed for a number of years and is aggravated now, I am told, by the new provincial-federal agreement which goes into effect on the first of May. I should like to have the permission of the house to read one or two short telegrams.

Some hon. MEMBERS: Question.

Mr. MacINNIS: From the acting mayor I received the following wire—

Some hon. MEMBERS: Order.

Mr. SPEAKER: I would ask the hon. member to limit himself to putting his question.

Mr. MacINNIS: Your honour, it has been, I believe, a practice in this house to read telegrams even when they were not necessary to a question. I do not see why I should be denied a privilege that has been given to others. The relief problem—

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend has referred to the practice as he describes it, but the rules are pretty definite on the subject of reading telegrams instead of asking direct questions. If we are getting away from the rules and adopting a practice that is unnecessarily taking up time, I believe that such a practice should be discontinued and the rules adhered to. Mr. Speaker has expressed the view that the question should be asked direct. I hope the hon. member will follow the Speaker's ruling.

Mr. MacINNIS: The Prime Minister, I understand, is the custodian of the rules of this house.

Some hon. MEMBERS: No.

Mr. MacINNIS: He should enforce them when members of the government and hon. members on his own side of the house and prominent members of the Conservative group are concerned as well as when we in this corner are concerned.

Some hon. MEMBERS: Order.

Mr. MacINNIS: Will the Minister of Labour inform us what action, if any, the government is going to take in this matter?

An hon. MEMBER: What matter?

Hon. NORMAN McL. ROGERS (Minister of Labour): The hon. member for Vancouver East (Mr. MacInnis) was good enough to give me notice of his intention to ask this question this afternoon. I did receive a telegram from the acting mayor of Vancouver directing attention to the relief situation in that city and suggesting it was desirable that the government should come to its financial assistance. In reply to that telegram I advised the acting mayor of Vancouver that the dominion government pays a grant in aid direct to the province of British Columbia; it does not control and has never controlled the financial arrangements between the provincial government and its municipalities. I also advised the acting mayor that at the moment the dominion is carrying out to the letter its commitments, as contained in several formal agreements under the present relief legislation, entered into with the province after very careful study of the various problems confronting the province of British Columbia.

My hon. friend has asked me what we are prepared to do to meet the situation in that province. May I inform him of what we are doing at the present time in that connection. During the present fiscal year, which will end on March 31, the dominion government will have contributed to the province of British Columbia as a grant in respect to material aid, that is, for the

provision of the necessities of life—food, fuel, clothing and shelter—to those in need, the sum of $1,500,000. In addition to this the dominion government has, under the agreement of June 11, 1937, agreed to contribute fifty per cent of the cost of a program of provincial and municipal works to relieve unemployment, the dominion contribution amounting to approximately $522,000.

In addition, under the youth training agreement, the dominion government has agreed to contribute $100,000 to match a like sum to be expended by the province in carrying out training projects for unemployed young people, and under this plan, at the end of February, 8,580 youths were receiving assistance.

The farm improvement and employment plan in effect in the western provinces is not so well suited to the conditions in British Columbia as it is to other western provinces, and under this plan only 270 placements have been made. However, a supplementary plan of forest development and improvement works for transients has provided for a contribution from the federal government which will amount to an expenditure of approximately $500,000.

All these plans are covered by agreement between the federal government and the province, including the grant in respect to material aid; but it will be understood that the material aid agreement, while providing for a monthly payment to the province, does not and cannot provide as to the amount which the province shall transfer or allot to any particular municipality or district. This is, and must be, a matter to be decided by the provincial authorities, and it is for this reason that the mayor of Vancouver has been advised that the dominion government makes the grant directly to the province, but does not control financial arrangements between the provincial governments and the municipalities.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO INTENTION TO PROCEED WITH LEGISLATION AT THE PRESENT SESSION

On the orders of the day:

Mr. A. A. HEAPS (Winnipeg North): May I ask the Prime Minister whether it is the intention of the government to proceed at this session with legislation dealing with the question of unemployment insurance?

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend gave me an intimation of his intention to ask the question he has just asked. I believe I can best answer it by outlining what thus far has been done in the present situation.

The proposal to the provinces that they agree to an amendment to the British North America Act to enable parliament to enact unemployment insurance legislation, was made on November 5 last. As the house is already aware, six of the provinces, British Columbia, Saskatchewan, Manitoba, Ontario, Prince Edward Island and Nova Scotia, accepted the proposal at that time. The premiers of Alberta and New Brunswick, after some exchange of correspondence, indicated their intention to submit the proposed amendment to the provincial legislatures for their consideration. The premier of Quebec agreed as to the desirability of unemployment insurance, but suggested that it might be instituted by concurrent legislation.

On January 20, the draft of the proposed amendment was submitted to the provinces. Five of them, British Columbia, Saskatchewan, Manitoba, Prince Edward Island and Nova Scotia, expressed approval of its terms. This communication has not been acknowledged by the premier of Ontario. Approval by the government of Ontario of the proposal to amend the British North America Act was, however, set forth in Mr. Hepburn's letter of November 25, in the following terms:

> Following a cabinet council meeting of yesterday's date, I am pleased to inform you that the government of the province of Ontario is prepared to waive any constitutional objections and to give the fullest measure of co-operation and support to the proposed amendments to the British North America Act, empowering the federal government to enact unemployment insurance legislation.

The premier of Quebec has not, thus far, acknowledged the draft amendment. The premier of Alberta, in a letter dated March 15, stated that it was his intention to have the matter taken up before the Alberta legislature in the immediate future. The premier of New Brunswick has not yet acknowledged the communication of January 20, but the proposal was referred to in the speech from the throne delivered at the opening of the New Brunswick legislature on February 24, in the following terms:

> Consistent with their conception of the constitution and the principles of responsible government, my ministers, without discussing the merits of the proposal, took the position that the question should be determined by the legislature and the federal government was so advised.

The speech from the throne at the opening of the present session of parliament contained the following statement:

The cooperation of the provinces has been sought with a view to an amendment of the British North America Act, which would empower the parliament of Canada to enact forthwith a national scheme of unemployment insurance. My ministers hope the proposal may meet with early approval, in order that unemployment insurance legislation may be enacted during the present session of parliament.

In the circumstances, to which I have referred, the government do not feel it would be desirable to make a further statement before the remaining provinces have had an opportunity of indicating their views.

Right Hon. R. B. BENNETT (Leader of the Opposition): Perhaps the Prime Minister would not object to a supplementary question: Does he conceive it necessary or desirable that all the provinces should agree before action is taken?

Mr. MACKENZIE KING: I do not think this is the moment to answer that question. We had better wait and see what replies we get in the first instance.

SEED GRAIN

GUARANTEE OF LOANS FOR PURCHASE OF SEED AND OTHER ASSISTANCE IN SEEDING OPERATIONS IN WESTERN PROVINCES

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of Bill No. 78, to assist the provinces of Alberta and Saskatchewan in financing the cost of seed and seeding operations for the crop year 1938.

Mr. E. E. PERLEY (Qu'Appelle): We have now before us the bill in printed form, and while it deals in a general way with the dominion's guarantee and the terms of that guarantee to the provinces of Alberta and Saskatchewan, I do not think that there is sufficient information in detail in the bill itself. I desire now, therefore, to ask for some more information, and I propose to discuss the bill from three important angles.

In the first place I should like to be assured by the minister that provision will be made, either in the bill itself or in the regulations governing the distribution of seed, to see that every farmer has a reasonable amount of seed in order that he may seed a fair average number of acres under cultivation; in other words, that each farmer who has a summer fallow in a sufficiently good state of cultivation to be seeded be provided with that seed. The Minister of Agriculture (Mr. Gardiner) the other evening in discussing this matter, said that possibly some arrangement would be made with the banks or the mortgage companies with a view to assisting the farmer, but I should like to have some definite provision made to make sure of that.

The second angle from which I propose to discuss the bill is the price to the farmer. I think we should make sure that the price will not be unjust, that it will not be too high. This is necessary for the protection not only of the farmer but of the taxpayer if the guarantee ever has to be met.

In the third place, I think provision should be made to provide power to seed the crop in proper season.

With respect to the first point, judging by the regulations that have been issued to the municipalities by the Minister of Agriculture in Saskatchewan, I suggest that there will not be sufficient seed supplied to many of the farmers who have a section or two of land, and I trust that something will be done in that respect. I want to know how the minister arrives at the price of $1.40 to $1.45. In the regulation issued by the Department of Agriculture in Regina it is stated that the price to the farmer will be $1.45 or thereabouts. The Minister of Finance said on Friday that the price should be an average price.

While I am on my feet, I propose to ask a few questions. It is very unsatisfactory in asking questions to have other hon. members intervene before the minister has replied to them all, so that one does not get a consecutive series of questions and answers. I shall endeavour to put my questions so that the minister will know what information I am seeking.

I think we should know in what future the 6,964,000 bushels was held as at August 1, 1937, and the price of that option. We have here to-day at least three members of the cabinet who are members of an advisory committee to the wheat board representing the government. I hold in my hand a report issued by the Canadian Wheat Board, dated January 6, 1938. On page 1 of that report I find two paragraphs which I am going to read:

> Our unsold wheat at 31st July, 1937, amounted to 6,964,000 bushels, represented by futures contracts, which in the ordinary course of business would have been disposed of prior to that date.
>
> Towards the latter part of the crop season it was apparent that western Canada was again faced with a very small crop; in the province of Saskatchewan, particularly, conditions were disastrous and it was obvious that seed wheat would be required over a very large area. After consultation with the wheat committee of the cabinet it was considered expedient to retain the futures contracts referred to in order to exchange them for cash wheat suitable for seed requirements in that

province. By arrangement with the government of the province of Saskatchewan the wheat thus accumulated has been sold to them.

I might also mention that I have here order in council P.C. 3113, passed on December 15, which relates to this matter, and I desire to put it on the record. It is as follows:

The committee of the privy council have had before them a report, dated 13th December, 1937, from the Minister of Trade and Commerce, stating that the Canadian wheat board advise with regard to the question of converting wheat futures into actual wheat to be used for seed and feed relief in the province of Saskatchewan, that arrangements have been made by the Saskatchewan government for the purpose of this wheat, and that all charges in connection with the handling, such as premiums, storage, transportation and any additional charges will be paid by the Saskatchewan government.

The minister, therefore, recommends that the Canadian Wheat Board be authorized to exchange the long futures contracts that they have on hand as at July 31, 1937, namely 6,964,000 bushels, for actual wheat to be used for seed and feed purposes in the province of Saskatchewan in connection with the sowing of the 1938 crop.

The committee concur in the foregoing recommendation and submit the same for approval.

That order in council is the first authority that was issued to the board to convert the options. The spread or premium on the cash wheat between the option and the cash, from August 31 to December 15 when that order in council was passed, widened from 6 to 27 cents. I think we should know why this premium widened on wheat in the interior elevators. Possibly the grain trade had some idea of the conversion that was likely to take place in December and prepared to make another little rake-off from the board. There was no special export demand to warrant a premium at that time, as I shall show from figures I have from the bureau of statistics. And wheat in the interior elevators was not in a position to command a premium. The Minister of Finance is an expert grain man. Before he entered political life he had very wide experience in managing one of the most successful grain organizations in western Canada, and he made a success of it. He knows that wheat in the interior of the western provinces does not command a premium as it might if it were at the terminals, where it would be available for immediate shipment in case an exporter were short on a cargo. If an exporter has chartered a vessel to ship grain and is a little short of a certain grade, wheat of that grade in another elevator would be at a premium to enable him to finish the cargo. But I ask the minister to explain why wheat in the elevators in the interior commanded the premium that it did over the option.

[Mr. Perley.]

In dealing with the price the minister said he thought the average price from July 31 until the operations were concluded, or the day the provincial government took over the wheat, should prevail. I do not agree to that. I admit that you have to have some basis on which to start figuring your price, but I cannot agree that the price should be the cash price averaged between those dates.

Mr. DUNNING: I did not say the cash price.

Mr. PERLEY: Well, the minister said the average price from July 31 to the time the government of Saskatchewan takes it over.

Mr. DUNNING: If my hon. friend will permit, there were two questions discussed. One was the average base price, and the other the premium.

Mr. PERLEY: Does the minister agree that there should not be a premium?

Mr. DUNNING: I am not qualified to say that. I do not know how you would get the wheat without it.

Mr. PERLEY: I want to try to figure what I think the price of this wheat should be to the farmer. First, to the price of the option taken from the board as of December, 1935, when the new board took over, add the storage charged from the date the wheat was taken over by the province of Saskatchewan, or even by the board from the date of their conversion. That would be the storage on the grain as it was taken over following that conversion. Add to that the transportation, that is the cost of moving it from point to point within the province, and the cost of distribution. I consider that the most we could allow for storage would be say five cents. The storage rate at the terminals is one cent a month. For five months that would be five cents, which should be sufficient. While I am trying to figure out how I arrive at what the price should be, I should like to have the attention of the two ministers. I am allowing five cents for storage and ten cents for transportation from one point to another within the province. Then I am allowing three cents for the distribution costs, which I think should be ample. That is a total of eighteen cents. Then I consider that the price of the option as taken over by the new board would not be more than 90 cents, at the very most; I think it would be a little under that. That would give a figure of $1.08, or at the most $1.10, at which the wheat should be charged to the farmer.

The minister may be able to give some other explanation, but I am going to suggest to the house what I think would be the procedure in

converting that wheat. The board would notify the clearing house that they were long in options, nearly 7,000,000 bushels of wheat, and that they desired to convert those options into cash wheat within the provinces. In other words they would notify the clearing house that they desired to take delivery of that wheat. Then it would be up to the clearing house to get that wheat, not necessarily within the provinces, but the clearing house certainly would have to get it at the point of delivery, which is at the terminal.

Mr. DUNNING: Fort William.

Mr. PERLEY: Yes, Fort William. Then the wheat board, having taken over the wheat on the option at Fort William, could sell it there and buy wheat in the interior, or they could make an exchange. The minister smiles a little; perhaps he will be able to explain this away. I know he is an expert in the grain business, but the board will have wheat at the terminals, because that is the only place where the board can call the options. I think the minister will agree with that. Having it there the board could either sell the wheat and buy cash wheat in the interior or make exchange arrangements with the elevator people. Therefore I claim that the wheat would cost the board exactly what the option cost. Of course the extra storage and transportation charges would have to be added, but I am dealing with the original cost.

The minister may say there were switching operations, and things of that sort. I have before me the report of the wheat board dated January 6, 1938, and I want to refer to page 3 in connection with the switching operations. This is what I find:

> The expenses of the board during the year, covering all administration and operating expense together with storage on wheat carried, amounted to $330,567.69. This was, however, more than offset by revenue accruing from the switching of nearby future contracts into contracts for deferred months. This revenue, together with interest earned on funds on hand, amounted to $424,487.42, thus leaving a credit balance of $93,919.73 after meeting all the board's operating expenses in Canada.

According to this statement the board made money in their switching operations, and in that connection I take it that this dates back to December of 1935. They say they earned also some interest on funds which they deposited, no doubt with the banks.

Mr. BENNETT: Two million dollars was deposited with the dominion government.

Mr. PERLEY: I may point out also that they had no charge for margins; that is, no interest could be charged in connection with money on deposit with the clearing house, since I have it on authority from the directors that the government was not asked to carry any margins on its account.

I wish to quote further from the evidence taken by the special committee, in order to show that the position of the wheat board was not affected by their switching operations, in order to indicate that the price at which we should figure this wheat is the original price of the option. I have before me the printed copy of the evidence taken before the special committee on the marketing of wheat and other grains, in 1936. At page 60 of this evidence we have a statement by Mr. Murray, in reply to questions put to him by myself, with respect to these switching operations:

> By Mr. Perley:
>
> Q. Do you not think it weakens your position when you go into the October?

That is, switching from the July to the October.

> That is, the new crop month. Switches are made into July and then July into October.—A. No.
>
> Q. They would have the new crop to deliver on those old contracts?—A. It does not weaken our position.

Further down I find this:

> Q. But it is cleaning up your May and cleaning up your July, to get it into the October?—A. It does not weaken our position in any way. The only thing that would weaken our position, being placed as we are with the responsibility of selling wheat, would be to exchange one option for an option that was not so readily saleable.

So there is a statement by Mr. Murray that their position was not weakened, and I could read further from the next page, where he states what a corner he could have manipulated had he so desired, and then he would have been able to call the shorts and make them dance a nice tune. The point I desire to make is that in changing the options from one month to another right through from 1935 the position of the board has not been changed, and the price that should be attached to that wheat is whatever the option stood them when they took over in 1935, which is a little less than 90 cents.

I should like the minister to tell us who is making the difference in this spread, which widened from 6 to 27 cents between August 31 and December 15. I should like also to know the number of bushels converted each month. I think this would be important, because then we could arrive at the storage fees that should be charged. If it was all converted during December or January it would make a considerable difference in the storage charges. Also I think we should know the position the wheat was in when the pro-

vincial government took it over; that is, the position in the interior of these provinces. Then we could figure what the transportation costs might be. I think we should know also when the provincial governments assumed the whole responsibility. The wheat is going out now. If we should happen to hold up this measure for a day or two I do not think it would make any particular difference, because the wheat is going out. I have here a report in a newspaper which came to hand to-day, which says:

Seed wheat is being shipped. Movement of seed wheat and supplies is already under way to the first of 1,120 points in Saskatchewan, according to Hon. J. G. Taggart, provincial minister of agriculture. Of this number between 900 and 1,000 will receive wheat deliveries. The Canada grain board has already authorized the movement of 6,500,000 bushels of grain. All the wheat is 1937 wheat from prairie points.

So the wheat was grown in 1937 in the three prairie provinces. I say the wheat is going forward now, so if this measure is held up for a day or two it will not make very much difference, and I think the public are entitled to some of the information for which we are asking. At page 1695 of Hansard the Minister of Agriculture stated:

Yes, Mr. Chairman. As the Minister of Finance has just said, this matter has been under discussion for the last six months. In the first place it is necessary to secure sufficient quantities of the different types of grain to be used for seeding purposes. That is the first job to be done.

He said further:

But I must say that in both Saskatchewan and Alberta agreement was reached between this government and the two provincial governments as to the amount of guarantee required in each province.

That shows that it had been under consideration for a number of months. I think we should have the figures with respect to the acreage to be seeded and the amount of seed required. I should like to know how the amount of the guarantee was arrived at. How was the price per bushel arrived at? How did the government arrive at these figures without knowing the number of acres in each province to be seeded? There was a question on the order paper to-day with reference to the acreage under cultivation in the area requiring seeding. I think we should have this information, as well as the requirements for the purposes of sowing oats, wheat, barley, rye and flax.

I do not think the Minister of Finance or the Minister of Agriculture can expect the house to approve this bill in a short space of time without it having this information before it. In connection with the amount of wheat in Saskatchewan, the minister made this statement, to be found on page 1702 of Hansard, in reply to a question by myself:

Between now and the time when the bill is down for second reading and in committee, every endeavour will be made to arrive definitely at a conclusion. The matter is a very difficult and complex one. My hon. friend in his last few sentences asks how much wheat the wheat board was holding on this account in Saskatchewan as of March 15. He knows they were able to acquire mighty little of this wheat in Saskatchewan. If they had any in that province at that time it would be because, having been acquired, this wheat in the process of physical movement had been moved that much nearer to its ultimate destination.

I have before me figures taken from the weekly reports of the grain commission in Winnipeg showing the amount of wheat on hand in the interior elevators, in the private elevators, in the mills and in the terminal elevators of the three provinces. For the week ending August 6, 1937, the total wheat in store was 7,284,211 bushels.

Mr. DUNNING: Is that in the whole area?

Mr. PERLEY: Yes, in the whole area. I have the reports from that date up to the present time, but I shall give figures here and there to show the gradual accumulation. On August 27 the wheat in store had increased to 13,130,424 bushels; on September 10 it had increased to 20,129,994 bushels; on September 24, 27,769,112 bushels; on October 29, 25,699,035 bushels; November 12, 25,362,606 bushels; December 31, 21,269,598 bushels and January 21, 21,947,559 bushels. From that date up to the last for which I have the figures, March 18, the wheat in store is in the neighbourhood of 21,000,000 bushels.

Mr. DUNNING: That is in country and interior public terminals?

Mr. PERLEY: That is in country elevators and private interior elevators.

Mr. DUNNING: And mill terminals.

Mr. PERLEY: And interior government terminals. I can give this information by provinces if the minister so desires. Not quite half of that is in Saskatchewan; most of it is in Alberta, and a little in Manitoba.

Mr. DUNNING: Have you the grades?

Mr. PERLEY: No, I have not. I have the amount of durum and the remainder is just northern wheats. There is a considerable amount of durum. It is interesting to note that since August 1 there has been a considerable amount of grain in store in these provinces, that is wheat grown in 1937. The minister asked if I had the grades, but I

think he will agree with me when I say that a dry season such as we had last year, when there was no frost in the fall, tends to create high grades of wheat, generally speaking. If you follow these reports you will see that in the months of September, October and November there was considerable wheat shipped out of Saskatchewan, but then the elevators seem to have got up again to the previous average.

The Minister of Finance knows from his own experience that as soon as the heaviest runs of wheat are delivered to the interior elevators the elevator companies try to fill their elevators to carry the wheat over for the winter months. They like to store the wheat up to about May in order to get the carrying charges. This practice may account for some wheat being in that position. There is plenty of wheat in Saskatchewan to satisfy the requirements. I am concerned in the government seeing to it that the government of Saskatchewan guarantees or assists the municipalities in the providing of power to get the crops in at the proper time. The Minister of Agriculture is reported on page 1696 of Hansard as follows:

> The other question raised, with regard to provision for live stock or for power in order to put in the crop, is not an immediate concern of this government.

That statement should not have been forthcoming from the minister. I think it should be the immediate concern of this government to see that there is sufficient power with which to put in a crop. A further statement by the minister, to be found on the same page of Hansard, is as follows:

> The question whether or not horses have come back in poor shape is not one with which I can deal, other than to say that in all the checks I have been able to make—and I have been over quite a part of the area during the last few weeks—I have not found that great numbers of horses have died; I have not found that they are any poorer than they usually are after going through a year of this kind, in any part of the dominion. It is perfectly true that if you put a number of horses, cattle, or any other live stock into a boxcar and carry them three or four hundred miles probably you will have to take one of them home on a stone-boat, as the result of what they do to one another during the journey. You may even have to take one out that is not worth hauling home, but these stories are very much enlarged upon, and the checks we have been able to make indicate that the death rate among live stock this year is not materially greater than in any average year in western Canada.

I take exception to that statement, because I think the mortality among the horses has been considerably greater. While the minister may have had experts checking it, as he states, I think the authorities which I have are just as reliable as some of his checkers. I have received numerous letters from councillors of different municipalities and from reeves and reliable farmers. I know my own district pretty thoroughly; within a radius of forty or fifty miles of my own district we have lost at least thirty per cent of the horses this winter, and I think that is the average for the southern part of the province. Certainly fifty per cent of the horses that were there last fall are not ready to go to work. In any paper you pick up you will find some report to that effect. Here, for instance, is a snapshot of some horses that are described as typical examples of horses returning to Saskatchewan farms from the winter pasturage at Carberry. The minister can see the paper in the reading room. These horses are part of a carload that was brought back, and certainly they are in no condition to work within the next six weeks or two months. It would take a good many bushels of oats to put them to work, and the story in this paper is not very complimentary to the government.

I also read in to-day's papers coming forward from Saskatchewan that the Royal Humane Society in Moose Jaw and Regina are both of the opinion that some action should be taken to enforce the act with respect to cruelty to animals. Here is one dispatch:

> Regina members of the Royal Humane Society and the Saskatchewan society for the prevention of cruelty to animals will approach the government to determine the exact condition of horses returned to southern Saskatchewan from government-sponsored pasturage.

It goes on to say that the Moose Jaw branch of the society is taking similar action.

Mr. GARDINER: I wonder if the hon. member would mind telling me who shipped those horses, to what point they were shipped, and where they came from?

Mr. PERLEY: I happen to know of four carloads that were shipped from Wolseley, under government instructions. The farmers were told by the inspectors that they could not keep them at home because feed would be supplied for only so many horses and four cows to each farmer, and the farmers not having the feed the inspectors told them they could ship them to the feeding ground. Two carloads have returned, and I have a letter here from my neighbour, the reeve of the municipality, stating that some of the horses had to be lifted out of the car and were taken to a nearby barn and had to remain there several days before they could be taken home. I know the facts in the matter. These men shipped out their horses last fall because they could not feed them. The inspector,

Mr. Biden, told them they had to get rid of their horses and ship them, under the regulations, to the pasturage.

Mr. GARDINER: Were these particular horses at the Carberry pasturage or at some other pasturage?

Mr. PERLEY: Yes, they were at the Carberry pasturage.

Mr. GARDINER: All of them?

Mr. PERLEY: It distinctly says in the report that they were at the Carberry pasturage. I could cite other cases, but what I want to say is this, that the minister should be concerned about this matter and should see to it that the municipalities and the provincial government have sufficient assistance provided so that farmers will have power of some kind to put in the crop. I was concerned about this even before I left home, and I brought the matter to the attention of both the provincial and the federal governments. Speaking here in the debate on the address I made it very plain that the situation was serious. During that debate the minister replied that he was not so much concerned about having the feed in the province during the early winter months of December and January as he was about having it there in March at the proper time before seeding operations began. But I think he will agree that if the horses are arriving home from Manitoba from the pasturage in the condition this article indicates, it will certainly need more than government regulations as now provided to get these horses into condition for seeding operations.

As I stated a while ago, the distribution of the grain is going on, and it is done with the approval of the cabinet and of the inspector. I think that a little too much power is given to the inspector; the municipality is the one body that in my opinion should be given more say than the government inspector with respect to the amount of seed that the farmers will require. Who is a better judge of the calibre of the farmer and of the condition of his farm than the reeve and the councillors of the municipality? I think they should have a greater say in the matter than they have at present. I know cases where the inspector has refused applications that have been approved by the municipality.

This bill is brought down at a late date, and while I appreciate that we should not hold it up too long, it is important that we should have the information we require. As I have said, the wheat is being distributed, and I am anxious with respect to the supply, and the price and the power. The farmers have suffered a very severe loss due to the condition in which their horses are returning from the pasturage, and I say they have a right to be compensated in some way or other. It is the duty of this government to see that the provincial authorities who insisted last fall on the horses being shipped out under the regulations, should give some compensation to the farmers whose horses have been returned in such poor condition. Certainly the farmers should have tractor power to put their crop in, if it is at all possible. I trust that the minister will answer my questions and give us this information, which is due not only to the house but to the public generally.

Mr. G. T. PURDY (Colchester-Hants): Mr. Speaker, it is a rather long way from Nova Scotia to the west, but I should like to say a few words on this bill.

This bill is for the direct benefit of a portion only of this great country, and while on general principles I am opposed to federal legislation that is not applicable to Canada as a whole, I agree that in view of the situation facing us in the west some such legislation as this is necessary. On general principles I am also opposed to federal guarantees, on the ground that if a condition is of sufficient importance or seriousness to warrant financial assistance, the government should advance the money at once instead of adopting the more expensive method now proposed to the house. It is only too well known that for some reason securities carrying a government guarantee are usually quoted at a lower rate than similar direct obligations of the government, thus making the money more expensive. In the present instance, however, realizing that the chartered banks have the necessary machinery for handling the business which is lacking by the government, I wish to congratulate the government on this provision of the bill, particularly when it seems to be almost a foregone conclusion that when the federal government makes an advance in the district with which we are now dealing the money is lost to the federal treasury.

I do, however, question the rate of interest and would suggest to the government that they consider increasing it to something nearer the rate which private business has to pay, say 5 to 5½ per cent, with the provision that on any advance which the federal treasury has to make good the rate will be reduced to 2½ or 3 per cent. This would be a greater incentive to the banks to collect and would lighten the drain on the treasury.

Having discussed a few features of the bill from the federal standpoint, may I be per-

mitted to discuss it for a few moments from a maritime province view? In this connection I cannot too strongly urge on the government favourable consideration of the very reasonable request of the hon. member for Prince (Mr. MacLean), made in this house on Friday last, with regard to seed grain for maritime farmers. I do not propose to approach this subject from the angle of the beam trawlers, nor yet from the angle of the dumping duty on sugar, but I do propose to discuss it from the viewpoint of 25,000 to 30,000 people in my constituency, who are, in whole or part, dependent on agriculture for their livelihood, and from the viewpoint of the half million people of the maritime provinces who are in the same category. A hard-working and industrious body of people, loyal to the British Empire, loyal to Canada and loyal to the little provinces down by the sea, they believe in thrift and do not make a practice of parading their ills before successive governments at Ottawa. To my mind they are the backbone not only of the maritime provinces but also of the dominion. I do not need to point out to this house the number of leaders in all walks of life in Canada and in the United States whose background is a farm in one of the maritime provinces.

These people are generous to a fault; a very large proportion of the contributions to the west last fall, already referred to by the hon. member for Prince, came from them. They are proud of being a part of Canada; for this reason they approach problems from a national standpoint, with, I think, the result that they have not in the past received the same consideration as their more vocal and, in my opinion, less deserving cousins in other parts of Canada. They do claim, however, that legislation should apply equally to them as to other parts of Canada, and for that reason they fail to see the justice of such imposts as the duty on corn, of which they buy a considerable quantity in their mixed farming operations. This duty is apparently only for the benefit of a small section of our country, already highly subsidized by tariffs on manufactured goods. The result of this duty has a direct bearing on the price of all feed, thus causing our maritime people to pay a further toll to the grain producers of the west, already heavily assisted by the government. I trust that the government will see to it that this and similar duties are removed or else duties imposed on such items as vegetable oils; because it is most unfair that they should be required to pay heavy duties on goods that enter into their production and be subject to open competition on the goods they produce. Here I should like to say it is to the undying credit of the present government that their trade policies have been quite beneficial to the farmers of the maritime provinces.

The west is not the only part of Canada where droughts occur. In 1934 the hay crop in Nova Scotia was almost a complete failure. There was no suggestion that the federal government pay for the hay and feed. That year hay cost our farmers $11 to $12 a ton in Quebec and Ontario, f.o.b. cars. The local government made arrangements for the farmers to obtain a reduction of two-thirds of the freight, leaving a net cost to our people of $14 to $15 per ton. If, however, our farmers did not have the money or could not get credit to buy the hay, they had to shoot their stock or dispose of it in some other way at a very low price. The result was disastrous to many of our people. Again, in 1937, our farmers in many sections had a complete failure in grain and root crops. We did have, however, an abundant hay crop and this, added to a heavy carry-over from the previous year, gave us a large surplus for which there is no market. In fact there was a good deal of hay not harvested last year, and if we get a reasonable crop this year much of it will be left standing. We therefore now have this situation: in the maritimes a surplus of hay and a lack of seed grain and other mill feeds; in the west a lack of hay with seed grain and other mill feeds available for the maritimes if they pay for them. The government were aware of this situation last summer and also aware of the fact that the maritimes purchase large quantities of feed from the west at all times, and they should have, in the interests of the farmers of the maritime provinces, arranged for a sufficient reduction in the freight rates to enable the governments of the western provinces to purchase at least a portion of their hay requirements from the maritime provinces.

Since we are not allowed to load coal in grain cars, most of these must go back empty, and I submit that the railways, or at least the Canadian National, could have reduced rates on hay by two-thirds and still have done better financially than hauling back empty cars. Further, from the viewpoint and in the interest of the Canadian taxpayer it would have been far better business to handle the hay situation in this way and make work for Canadian railways, mines and farmers than to buy in Minnesota and send the Canadian taxpayers' money to the United States. I feel that in the interests of a united Canada this should have been done even at the cost of an increased outlay on the part of the government.

I suppose that the hay requirements for the year are nearly filled, but I would strongly urge on the government the advisability of helping the maritime situation as far as possible, if only to the extent of having seed and feed grain cars for the next month loaded with hay for the return trip. I trust that it is not too late for some adjustment, but prompt action will be necessary, for it is now towards the end of March.

The sap is flowing from the maple trees on the Nova Scotia hills, and whether they obtain assistance or not, the maritime provinces will still carry on. If our farmers have not been able to obtain work during the winter to pay for their feed and seed grain they will sell some of their stock and the feed and seed from the west will continue to be paid for in hard cash. However, we are proud that the credit of our provinces continues to stand high and that a dollar is still a dollar and something that must be worked for and not obtained for the asking; that a debt is something to be paid.

Heading further west: when it is spring time in the Rockies and the cattle are on the ranges, as the federal treasury is standing the strain, all will be well on the western plain.

Mr. T. C. DOUGLAS (Weyburn): Before the bill goes to the committee I wish to make one or two remarks. The other day, when this bill was in the resolution stage, I asked both the Minister of Finance (Mr. Dunning) and the Minister of Agriculture (Mr. Gardiner) some questions. I should like to see the answers to those questions a little more fully developed as we go into committee on the bill. I asked first of all if the government considered that the amount of $14,500,000 was sufficient to guarantee seed to the farmers in the drought area. The Minister of Agriculture answered to the effect that we had had the same discussion last year; that everybody seemed satisfied with the amount that had been voted, and that there had been no complaints. I think that is true, but it is also true that there was no crop, and that by the third week of June it was quite apparent we were not going to have any crop.

Mr. McLEAN (Melfort): Oh, no.

Mr. DOUGLAS (Weyburn): At least in my part of the country it was apparent, and for that reason there were no complaints. Had there been a crop, and had farmers seen wheat going to the elevators for a good price at a time when they were not able to harvest very much, there would have been a great many complaints. Merely to say that there were no complaints last year hardly answers the question whether we are providing enough money to supply sufficient seed to enable these people to sow at least an average crop this year.

As I said the other day, the basis on which we are distributing the seed is not fair to the man who is farming on a large scale. Last year the provincial government had what I regard as an excellent arrangement, and I wish that at this late date the government would consider following something of that sort rather than the plan outlined by the minister the other day. According to the forms sent out by the provincial government on January 28, 1937, if a man had a total of 160 acres ready for cultivation he received seed for three-quarters, or 120 acres; from 160 to 300 acres it was two-thirds, or 200 acres; from 300 to 400 it was three-fifths, or 240 acres; and over 400 acres there was a maximum of 300 acres. On seeding rates the basis was as follows: wheat, one to one and a quarter bushels per acre; oats, one and three-quarter bushels; barley, one and a half bushels; flax, half a bushel. The estimated amount of fuel was to be one and a half gallons of distillate per acre; six gallons of gasoline per hundred gallons of distillate; lubricating oil, four gallons per hundred gallons of distillate, and so on.

That was a much fairer basis on which to work out the distribution. According to the plan now proposed, the man who anticipates putting in 200 or 250 acres will get seed for 100 per cent of the land he has prepared, and the man with a large farm, let us say 1,000 acres, and there are many such, will get 250.

An hon. MEMBER: One of the big shots.

Mr. DOUGLAS (Weyburn): They are not such big shots; some of them have come down in the depression. We have never asked for discrimination against any class, big or small, but under the plan now proposed the man who has prepared 1,000 acres will get only enough for twenty-five per cent of his land.

Mr. DUNNING: From this source.

Mr. DOUGLAS (Weyburn): From this source, yes. And the man in the drought areas has no other source. But I would point out that even out of this amount, it is possible, if the reports from Saskatchewan be true, that fuel repairs and probably feed to put in the crop will have to be taken. All this may be deducted from the 250 acre allotment, and if that is true that will reduce the amount by fifty acres more. Last year, on the basis worked out by the provincial government and submitted to the municipalities, fuel, repairs and feed were provided for over and above the seed grain that was to be allotted. I suggest that we should have a more satis-

factory statement as to what the government considers would ensure a sufficiently large amount to meet the situation, and as to whether they consider the proposed plan the best basis of distribution. Here you have farmers who have gone on year after year facing what is little better than bankruptcy, and now in certain areas they have the first chance in many years to enjoy the unusual-combination of a good crop and a good price; yet no steps are being taken to profit by that situation and enable the farmers to recoup their past losses.

I have heard some hon. gentlemen opposite speak with great vehemence against compulsory reduction of crop acreage. Well, if we insist upon a maximum of 250 acres, irrespective of the extent of land prepared for seed, we shall have compulsory crop reduction and no mistake about it.

I submit that we ought to have some more information with reference to price. I was surprised the other day when the Minister of Finance said that the price would be between $1.40 and $1.45 a bushel. In my opinion, that is exorbitant to say the least. Much of that wheat was shipped out of the very districts into which it is going to be shipped this spring. I saw grain being shipped late in June and early in July last year from Creelman, Fillmore and other centres, and into these same districts wheat will have to be brought back for seed and the farmer will be asked to pay the freight both ways. It is a very unsatisfactory arrangement in view of the fact that we have known for a long time that seed would be required. Seeing that we have a wheat board it seems to me not inconceivable that we might have entered into an arrangement whereby the government would have been willing to work on a bushel for bushel basis, so that the farmer would sign, not for any specific amount of money but for the delivery of a number of bushels. He would have been able to deliver a bushel back for every bushel he had received and if there were handling charges in addition they could have been paid in cash. That would be a fairer basis, in my opinion. As it is, the farmer sold his wheat at a low price and now he gets it at a high price; and when he is ready to sell again the price will probably be low once more. I do not think it would be unfair to put the distribution on a bushel for bushel basis.

Mr. GOLDING: Have these farmers sold wheat without keeping any seed?

Mr. DOUGLAS (Weyburn): I am referring to the farming community as a whole and not to individuals. Wheat will be coming back, not necessarily to the same farmer who sold it, though the wheat that is now being brought back to farmers in the district is wheat that was sold by other farmers there.

Mr. McLEAN (Melfort): Was it the Creelman farmers who shipped wheat in June last year?

Mr. DOUGLAS (Weyburn): They did not ship in June last. The wheat was ordered to be held at the elevator.

Mr. McLEAN (Melfort): It must have been bought from the farmers there.

Mr. DOUGLAS (Weyburn): Yes, two years ago. Most of that wheat was bought there in 1935-36.

Mr. EVANS: Did those farmers get seed in 1937 when they grew a crop in 1936?

Mr. DOUGLAS (Weyburn): Quite a bit of that wheat was sold in 1935 and some of it was rusted.

With reference to distribution there are still some unsatisfactory aspects that should be looked into. The Minister of Agriculture (Mr. Gardiner), describing the method of distribution, made this statement on Friday last as reported at page 1704 of Hansard:

> . . . (a) the committee of the cabinet and the inspector for the district determine the amount of seed grain and supplies that a municipality may advance; that is, the cabinet in Regina decides the amount that each municipality can advance within the municipality.

Mr. GARDINER: That is the total.

Mr. DOUGLAS (Weyburn): Yes, the total amount that will be distributed; but what each farmer will get will depend upon the total. That seems to me a lot of power to put into the hands of an inspector and the committee of the cabinet. We might as well be realistic; within the next three months we are going to face a provincial election in Saskatchewan. We are now giving to such a cabinet the dispensing of $14,500,000 worth of seed with a federal guarantee behind it. I for one have no wish to see the distribution of that seed become a political football in Saskatchewan.

Mr. GARDINER: Is the hon. member suggesting that the Liberal party, which happens to form the government of Saskatchewan at the present time, would give too little seed, or too much seed? Which is he suggesting?

Mr. BENNETT: Too little to some; too much to others.

Mr. DOUGLAS (Weyburn): I am suggesting that in view of an election being near at hand the distribution ought to be on a uniform and equal basis.

Mr. DUNNING: But the distribution is done by the councils.

Mr. DOUGLAS (Weyburn): It is also done to municipalities by the cabinet.

Mr. DUNNING: No, you said the total. Don't switch it.

Mr. DOUGLAS (Weyburn): I am not switching, if the minister will wait a moment. He has been in the cabinet so long that he keeps looking for things that are not there. The cabinet and the inspector will have the power to decide what the lump sum shall be to each municipality. There are bound to be municipalities which are persona grata to a government and others that are not. There are districts which are favourably inclined politically and districts which are unfavourably inclined politically. I am not suggesting—

Some hon. MEMBERS: Oh, oh.

Mr. DOUGLAS (Weyburn): —knowing the Minister of Agriculture (Mr. Gardiner) as I do, that they are going to refuse to a certain municipality enough seed or give another too much. But I point out that we as a federal parliament, divorced as of course we are from these party considerations—

Some hon. MEMBERS: Oh, oh.

Mr. McLEAN (Melfort): Which party? I wonder if the same thing would be true about some municipal councils?

Mr. DOUGLAS (Weyburn): I leave it to the hon. member to figure out the municipal councils. As a federal parliament, guaranteeing a large sum of money, there ought to be reasonable assurance that in the distribution of this seed and of feed and supplies there will be no discrimination. And giving the distribution to a committee in company with an inspector, with no clearly defined statement of how much money is to be spent in any one place, provides no such assurance. We have the statement of the minister himself (Mr. Gardiner) on Friday last, as reported on page 1704 of Hansard:

> On farms of 320 acres or less of cultivated land not more than sixty per cent.
> On farms over 320 acres of cultivated land, fifty per cent thereof may be sown up to a maximum of 250 acres.

There is no statement of how much per acre, no statement of how much repairs on the basis of acreage, no statement of the amount of fuel on the basis of acreage, or of feed. You give to a small group of men the distribution of $14,500,000 worth of seed without sufficient safeguard that such distribution shall not be influenced by partisan considerations.

[Mr. Douglas.]

Mr. DUNNING: What safeguard does my hon. friend suggest? Let us have something practical.

Mr. DOUGLAS (Weyburn): I gave it. A short time ago I outlined a sliding scale of percentages of a man's cultivated land.

Mr. ROSS (Moose Jaw): Regardless of the condition it is in?

Mr. DOUGLAS (Weyburn): I said cultivated land, land ready to crop.

Mr. ROSS (Moose Jaw): That is not cultivated land as spoken of here.

Mr. DOUGLAS (Weyburn): I read just now the schedule suggested by the Saskatchewan government itself last year, which was not finally accepted, indicating the percentage of a man's land, ready for crop, that should be seeded, the amount he should get per acre.

Mr. ROSS (Moose Jaw): But that is not cultivated land.

Mr. DOUGLAS (Weyburn): The amount of oil he should get, the amount of money he should get for repairs, setting it down very clearly. All the municipality would have to do in that case would be to know how much land a man has ready for crop. On that basis they could figure out how much seed he had a right to, how much wheat, oats, barley, flax, how much repairs, and how much fuel and feed.

Mr. DUNNING: I point out that it is not the intention of this legislation to supply seed or assistance to everyone merely because he wants it or has the acreage. We do not intend that this shall be supplied to people who have other means of getting it. My hon. friend's suggestion as to safeguards assumes an automatic distribution to everyone.

Mr. DOUGLAS (Weyburn): I want to make sure that someone is not going to get it because he happens to be politically favourable to an inspector.

Mr. DUNNING: Or to the council.

Mr. DOUGLAS (Weyburn): Or to the council, or to the provincial government.

Mr. DUNNING: Can my hon. friend suggest a way to overcome the difficulty I have just mentioned, by his automatic scheme?

Mr. DOUGLAS (Weyburn): I point out that you are safe in assuming at the present time that in the drought area ninety-eight per cent of the population will require seed.

Mr. DUNNING: It is not safe to assume anything of the sort. Twenty-two per cent of them did not go on relief last year.

Mr. DOUGLAS (Weyburn): Of the farm population in the drought area?

Mr. DUNNING: In the worst part of it.

Mr. DOUGLAS (Weyburn): That does not meet the situation at all. The minister says they did not require relief, but that does not mean that they do not require seed. The only way a man would have seed would be to have had a crop last year.

Mr. ROSS (Moose Jaw): How did they keep off relief if they did not have something?

Mr. DOUGLAS (Weyburn): They may have had some cattle or a dairy farm. The fact that a man has been able to keep off relief does not mean that he has sufficient seed to put in his crop. In fact the very opposite is true; many men who have been able to keep going have done so by virtue of having stock, and they are the very men who have no seed.

Mr. DUNNING: I know men who have hung on to their one or two bushels per acre for seed.

Mr. DOUGLAS (Weyburn): Very few of them.

Mr. DUNNING: Lots of them.

Mr. DOUGLAS (Weyburn): I want to impress upon the house very seriously that we as a parliament are being asked to guarantee a sum of money and that the disbursement of the seed which that money will buy is being handed over to a few individuals without sufficient safeguards to assure its being distributed in an unbiased way.

Mr. GOLDING: The hon. member wants more? That is not enough, in his opinion?

Mr. DOUGLAS (Weyburn): I do not think it is enough—at least I think a different scale of distribution ought to be followed.

Mr. GOLDING: You still want more?

Mr. DOUGLAS (Weyburn): I do not think it is sufficient. Last year the Saskatchewan government, which is a Liberal government and would not be expected to be asking for more than it had a right to, on January 21, 1937, sent out a statement in which it said that the province would require about $8,700,000. That was subsequently cut to $6,600,000 in this parliament. That was with 25,000 farmers making application. This year 81,000 farmers have applied, more than three times as many. But we have not trebled the $8,700,000 that the government of Saskatchewan thought necessary last year. We have not even doubled it.

Mr. GARDINER: It is almost exactly three times. It is $20,000,000.

Mr. DOUGLAS (Weyburn): Three times $8,700,000 is a great deal more than eighteen or twenty millions.

Mr. GARDINER: Three times $6,600,000 is about $20,000,000, and that is what is provided this year.

Mr. DOUGLAS (Weyburn): The amount guaranteed by this parliament last year was $6,600,000, but that was not the amount the Saskatchewan government thought necessary to meet the situation. The amount they thought necessary was $8,700,000 to supply 25,000 farmers. Here we are suggesting that $14,500,000 will meet the needs of 81,000 farmers.

Mr. GARDINER: Allow me to correct the hon. member. The statement made by the Minister of Finance the other day was that under this legislation we have been able to make provision, in concurrence with the loan companies and the banks, to supply approximately $20,000,000 to the farmers of Saskatchewan for seed and seeding operations this year.

Mr. BENNETT: In addition to this?

Mr. GARDINER: No, $20,000,000 all told this year. Last year provision was made for only $6,600,000.

Mr. PERLEY: How much through the banks and loan companies last year?

Mr. GARDINER: I shall deal with that in a moment.

Mr. DOUGLAS (Weyburn): That still does not meet the question, Mr. Speaker. I am quite well aware of what the Minister of Finance (Mr. Dunning) said the other day, that between $18,000,000 and $20,000,000 is the total amount that will be available for seed. But of that $18,000,000 or $20,000,000 only $14,500,000 is guaranteed by this government, and it is doubtful if that is enough, when you compare it with the amount of $8,700,000 asked for in order to provide for one-third the number of farmers who will require to be looked after this year.

There is one further point I should like to mention. It is of little or no value to give farmers seed unless some provision is to be made to give them sufficient fuel or sufficient horse power to put in that crop. I cannot speak for other parts of Saskatchewan, but the part which I represent has been sorely depleted in horse power during the past year. This morning I received a local paper from my constituency which mentioned one farmer who had lost sixteen out of twenty-two horses this winter. That is an exception, of course; I am not suggesting that this condition is general, but I do know numbers of

farmers who started the winter with twelve horses and now find themselves with four. It will mean that these farmers will have to get either machine power and fuel or horse power somewhere or other, and if either the feed or the fuel is to come out of this provision that is going to be allowed for seed for 250 acres, of course it will be hopeless.

Mr. DUNNING: Of course it would not come out of that.

Mr. DOUGLAS (Weyburn): I am glad to hear that. The intimation in Saskatchewan was that it was to be taken out of the seed allotment. If the feed, fuel, repairs and so on are to be over and above the allotment—

Mr. GARDINER: It is to cover everything for the seeding of the 250 acres; everything necessary is supplied for that.

Mr. DOUGLAS (Weyburn): On the basis of a bushel and a quarter per acre.

Mr. GARDINER: The same basis as last year.

Mr. DOUGLAS (Weyburn): Last year it was only one bushel per acre?

Mr. GARDINER: One to one and a quarter.

Mr. DOUGLAS (Weyburn): The minister definitely said it was going to be a bushel, if I remember the debate last year.

Mr. GARDINER: That was not stated last year. It was said that on some land it should be a bushel and on other land it should be more.

Mr. DOUGLAS (Weyburn): I merely point out what actually was said. At page 2769 of Hansard for last year the minister said:

> For 1936-37 the figures are: seed wheat, 2,739,000 bushels, 2,739,000 acres; the acreage is exactly the same, it being estimated that a bushel to the acre will be seeded—

Mr. GARDINER: That was the estimate, but in putting it out they put one bushel on some land and a bushel and a quarter on other lands. On some it was really less than one bushel.

Mr. DOUGLAS (Weyburn): Does that depend upon the type of land and the condition of the land?

Mr. GARDINER: Yes, the type and condition of the land.

Mr. DOUGLAS (Weyburn): Because that is going to give rise to considerable dissatisfaction. We are going to have some farmers quite determined that their land will require a bushel and a quarter. Very few will agree that one bushel per acre is sufficient for their land. They will be quite willing to agree that it is sufficient for some other fellow's land.

Mr. ROSS (Moose Jaw): No, no.

Mr. DOUGLAS (Weyburn): The hon. member for Moose Jaw (Mr. Ross) says "no, no." The farmer will figure that if he can get a bushel and a quarter and put in only one bushel, he will be able to seed twenty-five per cent more of his land than he anticipated.

Mr. ROSS (Moose Jaw): The farmer is not dishonest.

Mr. DOUGLAS (Weyburn): I am not suggesting that the farmer is dishonest, but I suggest that we are working out a very excellent system to make him dishonest. If we are to leave it to some person unknown, some Mr. X, to decide whether he will get one bushel or a bushel and a quarter; to decide how much feed, how much of this and how much of something else the farmer is going to get, we will make it very difficult to satisfy our people. That is why I have asked all along that we should stipulate clearly in the regulations issued by the provincial government and approved by the federal government just how much the farmer will get; how much fuel, how much he will be allowed for repairs, and so on, in order that there may be no controversy or dissatisfaction, and above all no feeling on the part of our people that partisan considerations have entered into the distribution of this seed.

Hon. J. G. GARDINER (Minister of Agriculture): I wish to deal with one or two of the questions raised by previous speakers, and first I should like to deal with the point raised by the hon. member for Colchester-Hants (Mr. Purdy), who spoke a few moments ago, because he brought up a matter which I think is very pertinent to the discussion that has been taking place.

As has been pointed out, the financing of seed grain in western Canada is assisted under arrangements made by legislation passed by this house. There have been requests from other parts of Canada for similar assistance. We have had very insistent requests from those representing the provinces of Quebec, Nova Scotia and Prince Edward Island, and some representations have been received from the province of Ontario with regard to the necessity for assistance in furnishing seed supplies. The government has taken the same position with regard to all these applications, and it is the position that was outlined the other evening when we were discussing this matter. The government has taken the position that where a municipality

is able, because of its financial circumstances, to provide for the needs of those living in the municipality, then it is a local responsibility. Where the requirements are too great to be taken care of by the municipal organization the matter is referred to the provincial government; and where the provincial government intimates to the federal government that the problem is so great that it cannot be taken care of due to the financial condition of the province, then the federal government has always been prepared to examine into the conditions existing and arrive at a conclusion as to whether those representations were based upon the actual facts and whether under the circumstances we should take any part in assisting in providing seed.

I speak now only of ordinary seed requirements. In all the provinces of Canada we do give help in securing and providing registered seed to people who are using such seed in different parts of the country. We also give assistance to the governments of the various provinces in selecting seed in other parts of Canada, in order that it may be shipped to the provinces requiring it. But with regard to actual assistance in financing the purchase of seed itself, and other seeding activities within the province, we have never undertaken that as a federal government in any province, from anything I can find in the records, unless conditions were as I have outlined. That is, the municipality first declares itself unable to take care of the situation; the province then declares its inability to meet the need, so that the problem becomes a national one. Under these circumstances we have entered into the task of trying to assist in providing seed and seeding necessities. With that in mind we have always felt that so far as the federal government is concerned we could not undertake within any province, where drought had become so acute that the problem became a national one, to do anything that would necessitate our undertaking similar responsibilities in other provinces. We do not feel that it is the federal duty to undertake to assist in providing seed for those who are in a position to provide it for themselves.

Some of the suggestions made this afternoon, if we were to accept them, might involve the government going so far as to assume responsibilities—both within the provinces where the drought is, and outside those provinces—that never have been anticipated in anything that has been done by this house, either under the present or under any previous government. As to whether or not the guarantee is sufficient, I can only repeat what was stated the other evening. The present decision has been based upon the experiences of the past few years and we believe that the amount provided will be sufficient for what is assumed to be the federal government's responsibility in this matter, that is to assist the provincial government in providing the necessary financial assistance to put seed into the ground where it could not otherwise be obtained. Having decided that, we asked the governments of Saskatchewan and Alberta to provide us with information upon which to base our decision as to what the amount should be. As was indicated a moment ago by the hon. member for Weyburn (Mr. Douglas), the amount provided last year in Saskatchewan was $6,600,000. My memory is that the financial organizations did not undertake to go any further than the amount guaranteed by this government. They may have gone further, but in so far as this or the provincial governments were concerned, they did not undertake to go any further than the amount of the guarantee.

Mr. DOUGLAS (Weyburn): Does the minister mean the lending institutions or the mortgage companies?

Mr. GARDINER: I am referring to all lending institutions.

Mr. DOUGLAS (Weyburn): Did not the mortgage companies advance a million dollars to their tenants? The minister does not refer to them.

Mr. GARDINER: No, to the banking institutions. The mortgage companies advanced money to their tenants or to those who were on lands for which they took responsibility.

Mr. BENNETT: Foreclosed lands.

Mr. GARDINER: Lands in connection with which the mortgage companies had a financial interest and for which they considered they were responsible. They are doing the same thing this year quite outside of what we are referring to.

The legislation last year provided for a guarantee of $6,600,000. Some time in the month of July the government of Saskatchewan started to make representations with regard to seed grain. The first correspondence that we have on the files I believe is dated August 5. This correspondence had to do with the necessity for making an arrangement to have grain available for seeding when seeding was commenced in the following spring. As a result of these representations and of other discussions that had taken place

before they were made, arrangements were entered into with the wheat board to secure whatever wheat was available.

In reply to the questions asked by the hon. member for Qu'Appelle (Mr. Perley) having to do with this particular matter, I can only say that the figure used in arriving at an estimate of the amount that would have to be guaranteed has been $1.45 per bushel. To have reduced that figure at this stage would have meant that the total amount of the guarantee would have been reduced. There have been discussions as to what price ought to be finally charged and the discussions this afternoon might prove helpful in arriving at a final conclusion. The figure of $1.45 per bushel has appeared in all the estimates as the outside figure that would probably have to be charged to a farmer for seed wheat. The prices for other grains have been based on that price for wheat. I am sure that neither of the hon. members from Saskatchewan who have been speaking in regard to this matter would suggest that we should take a smaller figure than that maximum figure.

Mr. PERLEY: If the $1.45 per bushel was arrived at on the basis of $14,500,000 and it was then found that the price was too high and it was reduced, what difference would it make in the amount of the guarantee? You would be supplying a farmer with seed for the same number of acres.

Mr. GARDINER: The provincial government used the figure of $1.45. That figure was submitted to us as the outside cost and it was used in making our estimates of what the guarantee should be. The total amount is approximately $20,000,000. After negotiations with the banks and the loan companies it was decided that if the federal government gave a guarantee of $14,500,000, the banks would agree to supply the difference between that and $18,000,000 and the loan companies would supply the amount that they are satisfied they will have to supply. The total will be approaching $20,000,000 on the basis of $1.45 per bushel for wheat and corresponding prices for other grains with an allowance for petroleum products.

Mr. PERLEY: How many acres will that seed?

Mr. GARDINER: We are not responsible for that because it is a provincial matter. However, it is based upon a bushelage similar to what was used last year. The seeding rates are a bushel to a bushel and a quarter per acre for wheat, depending on the kind of soil. For oats it is a bushel and a half to a bushel and three-quarters, depending on the kind of soil and for barley, a bushel and a quarter to a bushel and a half. Then there is a five per cent allowance for clean-out. Minimum rates of seeding will apply except on heavy clay soils and in park belt area outside P.F.R.A. territory. While I have not the acreages before me, I have the amounts that were contained in the estimates which would give a fairly close indication of the acreages requiring to be seeded. I would say that the total acreage in Saskatchewan for which some form of assistance will have to be given will be in the neighbourhood of 12,000,000 acres. This is acreage to be seeded in all kinds of grain.

Mr. DOUGLAS (Weyburn): When a farmer signs a promissory note, which I understand will be necessary under the guarantee seed loan bill of Saskatchewan, will he have to sign on the basis of $1.45 per bushel, or will that be left blank?

Mr. GARDINER: I assume that by the time the grain is delivered and the arrangements made, the definite amount will be known. My understanding is that it is the intention of the provincial government to charge the same rate for seed grain throughout the whole province. In previous years the tendency has been to charge different rates depending on the freight rates. The rate this year will be the same for the whole province, depending on the actual cost.

With regard to the size of the farms I can only say this: That is closely related to the matter I discussed first, namely, just how far a government should be expected to go in financing considerable acreage. That matter has been fully discussed by provincial governments, municipal bodies, individuals concerned, and representatives of the federal government for a great many years, and the conclusion arrived at is nearly always identical, or almost so, with the conclusion arrived at this year. The acreage provided for this year is not materially different from the acreage provided for last year. The statement read when the resolution was under discussion will show that the acreage to be sown on farms of 320 acres or less of cultivated land was not more than a maximum of 60 per cent of the total acreage, and I think the hon. member for Weyburn will agree that that is very close to the suggestion he made himself. On all farms of not more than 320 acres, it is advisable, under conditions existing, and with the supplies being obtained from someone else, to sow not more than 60 per cent of the acreage.

Then on farms of over 320 acres of cultivated land they sow 50 per cent up to a maximum of 250 acres. The only difference

that might be taken to exist between these conditions and those of a year ago is that a year ago I think the figure was set at 300 acres. As I recall it, a little larger initial acreage was provided for at that time in agreeing to the 300 acres. But in view of the statement which the hon. member for Weyburn has read to the house indicating that the whole estimate of seed last year was based upon one bushel to the acre for the total acreage to be sown to wheat, and the fact that this year they are estimating it at from one to one and a quarter bushels to the acre, the individual who decides of his own choice that one bushel is sufficient to seed per acre, can seed even more than 250 acres if he has one and a quarter bushels an acre with which to seed his land.

Mr. DOUGLAS (Weyburn): The circular I read provided for one to one and a quarter bushels. It did not specify one bushel.

Mr. GARDINER: The statement the hon. member finally read and placed before the house when the estimates were going through was that the estimate of 2,739,000 bushels was based on 2,739,000 acres, or one bushel to the acre. This year the government started out by saying that on a considerable part of this acreage it might be necessary to sow one and one quarter bushels, and in arriving at their decision they are providing more wheat in some cases. Much of that large acreage spoken of is in the heavy soil area, and if a farmer has provided to him one and a quarter bushels an acre for 250 acres, and he himself decides to seed only one bushel to the acre instead of one and a quarter, he will come very close again to the 300 acres provided for last year.

Mr. DOUGLAS (Weyburn): Except that he is not guaranteed that he will get one and a quarter bushels.

Mr. GARDINER: We have nothing to do with that. That is dealt with by the provincial government.

Mr. DOUGLAS (Weyburn): But the minister based an argument on his supposition.

Mr. GARDINER: Just as my hon. friend did. I am basing my argument on a supposition, and my supposition at present is the supposition my hon. friend created.

Having said that with regard to acreage, let me refer to the one further matter that has been called to the attention of the house, namely, the matter of distribution. The other evening, when this matter was mentioned on two occasions, I purposely refrained from making any reference to it because, after all, as every hon. member now knows, the distribution of seed grain in western Canada, ever since seed grain was first distributed in the west, or at least ever since we have had municipalities in western Canada, has been handled largely through the municipal bodies. I am certain that that is true in Saskatchewan. No matter what government we have had in Saskatchewan, seed grain has been distributed through the municipal bodies.

Mr. HAYHURST: That applies in Alberta too.

Mr. GARDINER: Yes, and I am quite sure that members from western Canada will agree that there is no more non-partisan way in which seed grain could be distributed than through the municipal bodies, because, after all, in spite of what has been said in this house by members from time to time, every member from western Canada knows that our municipal elections out there, whether they be city, town or municipal, are seldom contested on any partisan political basis. Someone behind me says never, and I think that is probably a true statement of conditions existing there. Partisan politics do not enter into the election of councils in western Canada, and I say that on behalf of all parties so far as Saskatchewan is concerned. It is not the practice to allow either provincial or federal partisan considerations to enter into the election of councils.

I could bring into this house many communications that I have had, since this question became a matter of discussion, from municipal officials, some of whom have been strong supporters of members sitting on the opposite side of the house, indicating that at no time has the administration of relief or the distribution of feed and fodder or seed been made a matter of political consideration in Saskatchewan or in Alberta. I state that only to indicate that all of the political discussions I have ever heard with respect to this matter have taken place either in this house or in the legislatures of the provinces concerned. Political discussions in relation to the problem confronting us are taking place both in this house and in the legislatures of the provinces, and it is probably only natural that should be the case because there is no doubt whatever that elections, federal and provincial, do take place on a political basis. In so far as we on this side of the house, more particularly the ministers who are intimately concerned with the administration of matters of this kind, are concerned, we do not object in any way to any political discussions in the house with regard to this question or to any political accusations in regard to it, but we would like our friends who make political accusations to give us just a little more detail

with regard to them in order that we might be able to answer them. With one exception I have yet to receive from a single municipality anywhere in Saskatchewan a statement to the effect that political considerations have been brought into the decisions in connection with these matters. That one municipality was in one of those districts which have been mentioned in some of the discussion to-day. When the matter was looked into, it was clearly shown that even in that case there had been no political considerations.

Dealing with the question of horses being brought back not in the best of condition, I can only say this: Again, it is not a matter of immediate federal consideration. But we have placed at the disposal of the provincial government of Saskatchewan the Carberry pasturage, which was referred to a few moments ago, composed of 130,000 acres of land which we fenced in last year in order to assist in handling the cattle that were being brought out of the drought area. We have also agreed with the Alberta government to make it possible for them to send horses to a ranch in the southern part of Alberta, and to pay the costs for the horses for both the pasturage in Alberta and the Carberry pasturage on a somewhat similar basis to what we would have paid had the horses been left at home.

Mr. BENNETT: Which ranch is that?

Mr. GARDINER: It is a ranch in the vicinity of Manyberries. The lease was being dropped this year by one of the ranchers who had been on it, and the pasturage has been used by the government to take care of some of these horses.

I am informed that the age of the horses in western Canada, more particularly in the drought area, is very much higher than it was when the drought period had its beginning, and that is only natural. People had been getting along with their old horses at a time when they had no funds with which to resupply themselves with younger horses, and according to our check, there were among the horses which went down to the Carberry pasture, at a time when some 1,500 had reached the pasture, about fifty that I would agree should never have been sent there. The check was not sufficiently careful to prevent old horses from being sent which could only die when they got there. It is just possible, too, that among those which were shipped back, some were too old to be able to rustle on the grass lands of that particular pasture and come through to the spring period in a proper condition to be placed upon the land in order to put in the crop. But what I wish to impress on the house is that that is a matter which is being taken care of by the provincial governments. They have estimated all these things in coming to a conclusion as to how much money would be required, and I feel quite satisfied that, with the financial arrangement which is being made in both Saskatchewan and Alberta, the governments will be able to take care of the essential needs of those who require, first, seed, and, second, some form of assistance in connection with obtaining power to put the seed in the ground, and even to provide extra feed and fodder with which to put the work stock in shape to take care of seeding operations when they come.

It is now about a month away from the usual time of seeding a very considerable part of that area. The work stock is being returned to the area; the work stock in the area will be fed during the next two weeks or, in some instances, three weeks, out of feed and fodder that was provided through the winter months down to the end of March, and provision is made, under the legislation which is now going through, whereby that feed can be replenished out of the supplies of money that are being provided under this legislation to carry the stock through from the time when the winter supplies run out, to the end of the seeding period. Hon. members can rest assured that every consideration possible is being given to these matters, and also, I believe, that the municipalities in both provinces will take the same care this year as they have in past years to see that political motives do not enter into the consideration of this question. So far as I am concerned I have not heard that that was the case, either since this government has been in power or during the time the previous government was in office. There have been criticisms both when the previous government was in power and during the present government's term of office that too much consideration was given to political friends in the engaging of those who were employed from time to time to assist. But I believe that everyone, no matter to what political party he belongs, agrees that individuals once employed to take care of the situation existing in western Canada, whether they were municipal authorities or were directly engaged by governments, have not allowed party considerations to enter into the making of their decisions as to whether the man should, in the first place, have assistance, and in the second, how much he should get, and I am quite sure that that will not happen this year any more than it has happened in other years.

Mr. PERLEY: With respect to the minister's statement that the cabinet and the inspector have the say as to the amount which shall be granted to a municipality, does he mean that the inspector will not examine each individual application which is made to the municipality and then report to the cabinet whether he approves it or not? Or does the inspector just take the question of the maximum amount granted to a municipality, and review that?

Mr. GARDINER: No; the provincial government does not do anything at all about the matter until the municipality makes application for seed assistance. If the municipality does not make application, the provincial government will not deal with the matter. When the municipal authorities make application, they include particulars of the acreage for which they desire assistance, the amount of seed they think should be provided for that acreage, the repairs they require, the amount of assistance for providing power; everything of that nature must be in the application. All that the government says is: "When we receive that application, we will not place it before one minister; we will appoint a committee of the council so that it will receive full consideration, and that committee will sit along with the inspector who has inspected the municipality and arrive at a conclusion as to whether their representations are justified by the actual facts." If they consider they are, that will be the amount allowed; if they think it should be cut down, they will go back and discuss the matter with the municipality. That is the practice which has always been followed, and that practice, I am sure, will be followed this year.

Right Hon. R. B. BENNETT (Leader of the Opposition): I do not propose at the moment to trespass upon the time of the house at any great length, but I should like to suggest that we treat this as an ordinary business transaction. We are asked on behalf of the Dominion of Canada to give our guarantee to the banks of this country to ensure them against loss for advances made to municipalities, which, in turn, have been guaranteed by two of the western provinces. Ordinarily, if that were a business transaction submitted to any one of us, we should impose certain conditions upon the granting of our guarantee; if those conditions were absent, it would be regarded as bad business; if those conditions were present, it would be regarded as good business.

One of the matters which we have to consider is the price which the farmer has to pay for what he gets. This perhaps is the most important of all the conditions with which we have to deal. By the use of some authority about which I shall speak when the house is in committee, this government utilized the wheat board for certain purposes. The statute says that the wheat board shall buy only from producers. The time when the wheat board extended its option to October is a matter of exact date. It had on hand a certain quantity of wheat. It was known that wheat would be required for seed in this country. Notwithstanding that fact the October option was extended. Then we proceeded to buy back that option.

That raises a question of first-rate importance in this country. It is one of the most important questions that will engage the attention of the house, because it is a large issue of principle which will have to be settled. The farmer is now called upon to pay on the basis of that option having been bought back and converted into cash wheat, and the price is mentioned as $1.45. Had the cash wheat been held before the option was extended to October, that difficulty would not have arisen. If any of us, dealing with this matter purely as a business transaction, had dealt with it in that way, we certainly should have had some difficulty with our shareholders. This is a matter in regard to which we require a good deal of explanation.

According to the papers which have been tabled, the wheat board remitted to the federal government eight million dollars, and deposited with this government two million dollars more, making a total of ten million dollars. That eight million dollars has gone into the revenues of the country. It represented profits which accrued in the manner indicated in the auditors' reports. The other two million dollars have been paid back to the wheat board for the purpose of enabling it to acquire the wheat on conversion of those options into cash wheat. In fact, the last report indicates that, in addition, the wheat board borrowed substantial sums from the banks of the country. Substantial loans have been made from banks. Under what authority? I can remember when authority was the all-important question on this side of the house, and when hours and days were taken up in discussing that question. But where is the authority to use the wheat board in the manner in which it has been used? An order in council has been read by the hon. member for Qu'Appelle (Mr. Perley); but the wheat board act provides only one thing, namely, that wheat shall be bought from the

producer and no one else; and the price to be paid for it was 87½ cents, and that only when the price of wheat reached 90 cents.

There are the facts; and yet the government has utilized the machinery of this statute without permitting the farmer to exercise his right to sell to the board, depriving him by the terms of an order in council which is illegal, without any question, because no condition which nullifies the operation of a statute can be imposed by order in council. That does not require argument even in this parliament; even the hon. member for Swift Current (Mr. Bothwell) will not question that. No condition can be imposed upon a grant when it nullifies the statute under which it is granted. That is so simple that I should not even state it here. Those are the facts, and I submit that we must have adequate information with respect to that matter because it is the fundamental consideration in connection with this transaction.

In the second place, there is a good deal of force in the arguments that have been advanced this afternoon with respect to the acreage which is to be placed under crop. Not for a moment do I fail to recognize the difficulty of this government or of any government similarly situated. It has a right to impose conditions, because it is on our credit that this seed is being obtained. The conditions that it proposes to accept and not to impose are those found in an act of the Saskatchewan legislature. They have seen fit to provide that every person, rich or poor, high or low, who is so situated as to require assistance—not that they once did not require it, but they are now so situated as to stand in need of it—shall receive assistance only to the extent of 250 acres for seeding purposes. Well, I have lived in the west for forty years, and I have seen a quarter section, 160 acres, develop and expand and grow, until I have known a great many farms of a section, where it would not be unusual to expect 400 acres to be available, ready for seeding. I think I am stating the case fairly to those who know more about the matter than I do. There have been farms of a section and a half, of two sections, and of several sections. These people were once very well-to-do; all you have to do is to look at their places and see their houses, outbuildings, fences, and machinery. But by reason of the drought that we have now had upon us for more years than the evil days which fell upon Egypt, these people are practically penniless. It is a terrible thing to say, but I know men on relief in the west who were once very rich—well, not very rich, but more than comfortably off, quite well-to-do.

Mr. DUNNING: And who still own quite a bit of land.

Mr. BENNETT: Yes, men who still own land in the condition I have mentioned, land that has not produced any crop now for, in some instances, eight long years. One gentleman told me the other day that last year was the eighth year in which his crop had been destroyed by drought.

Are we doing right in limiting these people to 250 acres? I am not speaking in any partisan sense; I am merely stating my own observations and my own experience in dealing with these problems, and, mark you, I am not forgetting for a moment the fierce tirade of abuse levelled at us after the last world wheat congress when it was suggested that there might be a limitation in production. That suggestion was met with very fierce denunciation; yet that limitation is now to take place, and it is to be brought about when, if we may judge from the remarks of the Minister of Agriculture (Mr. Gardiner) —and he has experience as a western farmer— the moisture situation is favourable. The day before yesterday I was talking to a gentleman from the west and he went as far as to say this: "I have been over the western country these last few weeks, and I would regard the significant signs as being favourable to a crop in 1938." Of course, I am not unmindful of the fact that so many hon. gentlemen opposite, when parliament prorogued last year, were quite hopeful and, in fact, almost convinced that there would be a crop; yet we all know what the result has been.

Well, are we quite fair in giving this guarantee and accepting the limitation to 250 acres? I fully appreciate the argument of the Minister of Agriculture a moment ago that there are corporations and mortgage and loan companies which will make loans. I say to the minister, however, that last year they did not make loans for seed grain. They advanced money and had the farmer buy seed, because he was working for them on a crop payment plan, so that if he got anything they got something, and if he got nothing they got nothing. In the drought area a great many farmers got nothing, with the result that the advance had to be written off against profit and loss. What the minister says is quite clear. Some of these organizations will advance money to those who now occupy the position of tenant with them by reason of (a) foreclosure, under which they continue as tenants, or (b) pending final order of foreclosure, where they undertake to stay on, the understanding being that

if they get a crop they will have something which will enable them to make the place their home again.

Mr. DUNNING: It has a much wider application than that.

Mr. BENNETT: I am coming to the third class, wider than the other two together, namely, those who are holding on to their homes, taking advantage of the Farmers' Creditors Arrangement Act, having projected their obligations into the future. They have been given a chance by the board of review to continue, and, in words that I have already used, try to work out their own salvation.

Mr. GARDINER: It includes another class.

Mr. BENNETT: Which class?

Mr. GARDINER: The class on whose land the loan company has a lien, but has not taken action.

Mr. DUNNING: That is the biggest class.

Mr. BENNETT: Yes; but that is the ordinary case of mortgaged property, in which no proceedings have been taken because neither the insurance companies, nor the loan companies, nor individuals desire to have the property on their hands under existing conditions.

Mr. GARDINER: It covers a much larger class.

Mr. DUNNING: In relation to this problem it is a much larger class.

Mr. BENNETT: I had thought that class was now merged with the class which had taken advantage to a considerable extent of the Farmers' Creditors Arrangement Act. My own observation, in those communities with which I have made myself familiar leads me to say with great frankness that the Farmers' Creditors Arrangement Act has been used by a very large number of those who found themselves with a mortgage bearing such a relation to present value that it was idle to think of being able to pay the mortgage off. But that is a matter of detail which need not enter into a discussion of the broad principle which I assert should be considered. I should like the government to consider whether it is not desirable to state as we have a right to do, as one of our conditions in giving this guarantee, that it might be made available for the acquisition of seed for a larger area than 250 acres. The Minister of Finance (Mr. Dunning) asked the hon. member for Weyburn (Mr. Dougles) a very pertinent question. He asked him, "What would you suggest?" He suggested a sliding scale. The minister then said, "Yes, but there are cases in which they will get assistance from other sources; how would that be dealt with?" It could easily be said, "In necessitous cases," and we could define that in such manner as to make clear the class to which it refers. It seems to me a sliding scale might be most desirable. For instance, I hesitate to say that we should place a limitation of 250 acres in the case of a man who has 1,000 acres of land which looks extremely favourable for the production of a crop, and where it would not be unreasonable to say that 500 acres would be ready for crop. I think it is not unusual that half the land is available for crop.

Mr. GARDINER: Might I interrupt to point out that I said in addition, in reply to the hon. member for Weyburn, that there is at present a sliding scale in the provincial estimate. It says that on farms with 320 acres or less of cultivated land not more than sixty per cent of such acreage is to be sown, and on farms of over 320 acres of cultivated land fifty per cent may be sown up to a maximum of 250 acres. Then it goes on to state in the estimate that the nature of the land and all that shall be taken into consideration.

Mr. BENNETT: But there can never be more than 250 acres. I followed the minister in that regard the other day with great care. There is a sliding scale until the quantity reaches 250 acres, but there is no scale beyond that.

Mr. DUNNING: Except in bushels, the variation in bushels per acre.

Mr. BENNETT: The determination of that issue depends upon whether the land may be inferior or superior.

Mr. ROSS (Moose Jaw): It depends upon the amount the farmer himself would want to sow.

Mr. BENNETT: And it depends upon the quality of the land.

Mr. DONNELLY: In the drought area it is estimated at less.

Mr. BENNETT: I used the term "quality of the land" to cover all these factors. The other day the minister read from the statute and I asked, "Is that by statute?" He replied, "Yes; it is a statute of Saskatchewan and the regulations made under it." But it will be noted that there is no expansion of the 250 acres except such as might automatically arise from the sowing of a bushel and a quarter instead of a bushel to the acre.

Mr. DUNNING: The Alberta act has the same provision, with the difference that it stops at 300 acres.

Mr. BENNETT: Quite. One appreciates the attitude of the provinces. I think there is much in what has been said by both ministers, that the provinces should be better able than we are to determine the extent to which they will permit their people to incur obligations. On the other hand, the creation of new wealth is a matter of vital importance to Canada. It does not concern Saskatchewan and Alberta alone; it touches Ontario and British Columbia and every other part of this country. My only doubt has been as to whether we are shutting our eyes to the fact that there are very large farms in the west. I doubt not that the hon. member for Moose Jaw (Mr. Ross) is cultivating now close to 1,000 acres of land.

Mr. ROSS (Moose Jaw): More.

Mr. BENNETT: He is in the fortunate position of not requiring assistance to obtain seed. But let us suppose his neighbour has also 1,000 acres of land, is not so fortunate and has to depend entirely upon the government for seed. Are we acting rightly when we say that this poor unfortunate, who for causes over which he had no control finds himself unable to provide seed for himself, shall not have seed for more than 250 acres of land, whereas his more fortunate neighbour is able to get seed for 500 acres? That is a matter which gives me some concern. I mention it because I am not a practical farmer, which, I fancy, is quite apparent to those who are listening.

Mr. DUNNING: The right hon. member is doing very well, better than I should do as a lawyer.

Mr. BENNETT: The hon. member for Moose Jaw was finding a little fault because one hon. member used the word "cultivated." That is the language of the statute of Saskatchewan. When it was read, I was amazed at its being put in just those terms by that legislature which contains so many farmers; for I raised the same objection in my mind as the hon. member, which shows I must have some slight knowledge of farming. At one time we had a distinguished member of this house who was a member of the legal profession; and his lawyer friends said that he was an excellent farmer, and his farmer friends said that he was a fair lawyer. But that does not arise in this case. I think if the Minister of Agriculture had been framing the legislation, he would probably have extended it to make it clear that it has a larger meaning than the mere word "cultivated." The hon. member for Moose Jaw pointed out that what he had in his mind was that the land was fitted to receive seed.

Mr. GARDINER: If I may be permitted to interrupt again, I think it will be found that is taken care of in the matter of acreage. That is the very reason they said it should not be more than sixty per cent. In the system of farming prevailing in that region, that is a proper limitation. Where dry farming and summer fallowing are the custom, they summer fallow at least one-third.

Mr. BENNETT: That is the reason why I used the figures I did, of 500 acres out of 1,000 being available for seeding.

Then you come to the problem of distribution. The Minister of Agriculture is not wholly right in what he said as to distribution of seed grain in western Canada, because it will be remembered that the distribution of seed grain in western Canada commenced in the time when the present provinces of Saskatchewan and Alberta were territories. It was then felt to be an obligation of the federal government, for they were administered under dominion control, and no question such as that raised this afternoon was raised.

Mr. DUNNING: There was a different question.

Mr. BENNETT: Of course it was. In one case it was a territory and, in the other, a province.

Mr. DUNNING: No; a different question as to the status of individuals.

Mr. BENNETT: But I am pointing out the circumstances under which the first distributions took place. It was in the territories. I can recall how strange it seemed to me, coming from the east, to hear them talking about Ottawa distributing seed grain to the farmers of the country. Then I learned that the dominion government had taken the attitude that the people there were wards, using the word in a broad sense, provincial institutions not having been created. Notwithstanding the setting up of the provinces, it still became essential to advance money for seed grain, but this was done by the provinces making application to the dominion for assistance. Ever since the provinces were created in 1905, the method of distribution has not always been uniform. There have been times when one method was followed and other times when other methods were followed. But broadly and generally in Saskatchewan the matter has been left to the councils. Alberta was slower in developing

municipal government, except through what were called large improvement districts, and in those cases distribution was sometimes made through someone connected with the Department of Agriculture, who was permanently on the ground, or by a combination of several methods.

I suppose every hon. member knows what our unfortunate history about seed grain has been. In every case we took a lien. It was a lien that attached by reason of a statute passed here. And from the day I first came into this house until I was endeavouring to administer the affairs of the country, the question was: How are you going to write off the seed liens?

Mr. DUNNING: That is on homesteads.

Mr. BENNETT: Some of them were not on homesteads.

Mr. DUNNING: The dominion liens?

Mr. BENNETT: No; there were dominion liens in the territories before any provincial institutions were set up, and in many instances those liens were, I am sorry to say, not paid.

Mr. DUNNING: On other than homesteads?

Mr. BENNETT: Yes, I think on other than homesteads.

Mr. DUNNING: For years the dominion government contended with me that they were responsible only for homesteads.

Mr. BENNETT: A former Minister of the Interior, Hon. Charles Stewart, was responsible, I think, for the last legislation in that regard. We had a sort of tribunal set up that dealt with these matters, and we used to pass orders in council on representations from this board, wiping out liabilities, or accepting smaller sums for larger, and thus getting rid of the liens. The hon. member for Colchester-Hants (Mr. Purdy) suggested that the dominion was going to lose this money. I do not share that view. If we get a crop, the province will be paid and we shall be paid. If we do not get a crop, we are just going to be out that much money, and we might as well make up our minds as to that right now. What we are doing, therefore, is underwriting providence to the extent of this much money.

Mr. DUNNING: And in various ways we have been doing so for seven years.

Mr. BENNETT: In some instances we are now entering upon that for the eighth year. That is why the matter strikes me as being so tremendously serious, and I fully share a sense of the responsibility that both ministers have put to the house regarding the attitude taken by both Alberta and Saskatchewan in the limitation of acreage. Yet I feel that there is something to be said about the desirability of a scale which goes beyond 250 acres, having regard to the large farms.

I have trespassed longer upon the time of the house than I had intended when I rose in my place. I desired only to direct attention to those three matters, because as underwriters, without whom the money cannot be secured, we have the right to impose conditions in the statute notwithstanding any legislation that may have been passed by any of the provinces. That is clear and obvious. Then they take it or leave it as to them may seem desirable. The legislation contemplates recognition of, shall I say, the superior knowledge of the local authorities on the one hand, and the right to receive the money without further conditions on the other; whereas I suggest that it may be desirable to consider the legislation from the other standpoint as well, namely, whether or not we are doing exactly what is fair when we have that limitation.

In connection with the operations of the wheat board it does not seem that any opportunity will arise for receiving an explanation as to how the seed grain was acquired and the conditions under which that was done, unless a judicial commission is set up to inquire into the whole matter. There were very heavy sales of wheat, for instance on one occasion in July, which have called for a great deal of criticism. I do not think the whole matter should be canvassed at the present moment; rather we should limit ourselves to the discussion and consideration of the operations that have taken place since the government first gave instructions—which I assume will be placed before us in writing—to the board to take the action that was taken, and an adequate explanation will no doubt be offered as to why wheat which might have been available was carried forward into an October option and why, so soon after, the option was brought back. The net result has been that a premium was created. We cannot get away from this, whether we like it or not. That brought about the premium, and I am afraid it was not unknown. It will be remembered that Paul once said, "I am convinced this thing was not done in a corner." Those are not the exact words; they will be remembered by the Minister of National Defence (Mr. Mackenzie). It was known to everybody within, shall I say, a week or ten days. It was bound to be

known, because the conversion of an October option into cash wheat involved operations which, in the very nature of things, means disclosing what was being done.

Mr. DUNNING: It could not be only October.

Mr. BENNETT: No; I was mentioning just the larger one. That involved the premium to which I referred.

Mr. ROSS (Moose Jaw): Not only that.

Mr. BENNETT: No, not only that; many things brought about the premium, but that was one of the great factors. It was a fluctuating premium, which is now being reflected in added cost to the farmer, and, I think I can say with some safety, with some measure of profit to somebody.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. WILLIAM HAYHURST (Vegreville): When the house rose at six o'clock we were discussing the seed and grain relief question. The members from the maritime provinces, Quebec, Ontario and British Columbia who have spoken on this subject should consider themselves fortunate in not having a condition such as this to face in their home districts. We are certainly sorry that we must ask for a government guarantee in Alberta for seed relief purposes. I have had it said to me on different occasions that the western members inadvertently give the western provinces a bad name by advertising them in the wrong way. The people in the east and other parts of Canada think that western Canada is impoverished and in a bad condition financially, socially and otherwise. I should like to disabuse the minds of hon. members of that notion by quoting the production figures for last year. Alberta produced 74,000,000 bushels of wheat, almost half the total production of Canada and more than half the total production of the western provinces. We produced 77,000,000 bushels of oats, and we produced practically half of the total barley produced in western Canada.

These figures show that all of Alberta has not been dried out. It is estimated that the 1938 wheat acreage in Alberta will be approximately 8,000,000 acres, while the acreage in Saskatchewan will be 13,000,000 acres. The wheat acreage in Saskatchewan is practically all in the dried-out belt, while a large portion of the Alberta acreage is in a more humid region. At least 5,000,000 acres of the finest wheat land in Canada are in Alberta in sections that have sufficient moisture and rainfall almost to guarantee a crop. Any effort made by the Minister of Agriculture (Mr. Gardiner) to diversify farming in Alberta and other parts of Canada will be appreciated by all of us. We would be more than happy to be able to produce large quantities of wheat even though we know that when that wheat is placed on the markets of the world, prices will naturally fall.

If we are to have a strong dominion, no part or province of that dominion must be discriminated against unduly. If business is to be good in one province, it must be good in all. As the Minister of Finance (Mr. Dunning) said, I think last year, it is no use to take from some of us to give to all of us. I want the people of eastern Canada to understand that this is merely a loan to the municipalities so that this part of Canada may be able to produce wealth more abundantly This is the first opportunity I have had of tendering my personal thanks to the people in the east for the vegetables, fruit and other materials sent to the impoverished farmers in my province.

Last year the government purchased a certain number of wheat options, and it would seem that they should have made some money on the transaction. On July 31, 1937, unsold wheat amounted to 6,964,000 bushels represented by futures contracts which, in the ordinary course of business, would have been disposed of prior to that date. I take these figures from the report of the Canadian wheat board. If any criticism is to come from me, it is that we should deplore this buying of options by the government. The farmers of western Canada have suffered greatly in the past because of attempts they have made to go into this business of buying options. Thousands of farmers have lost their all on the grain exchange at Winnipeg through buying and selling options. The options bought and sold on that exchange represent millions of bushels more than the actual crop raised.

I should like to illustrate my point by detailing what happened last summer on the grain exchange. The farmers of western Canada sold rye options for July delivery all the way from $1 to $1.40 a bushel. On July 31, 1937, rye was taken off the board at around $1.63 a bushel, while at the same time July wheat was $1.43. Many farmers thought it would prove profitable to sell rye and buy wheat, but in doing this they were playing

into the hands of those who deal in this type of transaction. The result was that they were trimmed and certainly needed the apples which were sent out from the east.

Many of these men sold rye in the belief that if wheat went down, rye would also go down. But, lo and behold, when wheat went down rye went up! When the rye option was finally taken off the Winnipeg board, it was $1.63; wheat was $1.45 while cash rye was around 93 cents. The cash price was 70 cents a bushel below the paper price which was just a pen-and-ink quotation which could be wiped off the books at a single stroke. This is what was done, and thousands of farmers who had sold rye were deprived of their margin. I went into one office and asked them if they would take rye for these options. They told me that cash rye was 95 cents at that time. That meant that if we threshed our rye we would get only 90 cents a bushel, while the paper price was $1.63. I asked them what would happen if we imported rye from the United States. There was plenty of rye available in that country at 78 cents a bushel, but they told me that the United States rye was not as good as the Canadian. They always have some way of getting out of a thing like this. They wanted to take that rye off the books so that they could tell the men who held options that they had lost their money when July 31 came around. It was upon this subject that I had intended to say a few words before six o'clock.

In travelling through western Canada I find many farmers who have been stung at some time or another by the grain exchange. We are anxiously waiting for the report of the Turgeon commission and would like to know why it has not been brought down. We realize that something must be done to prevent manipulation in grain futures on the Winnipeg grain exchange and we deplore the government's participation in transactions of this kind. We believe that the government should have made money as a brokerage at one-thirty-second of a cent should be enough. If they were buying wheat in 1935 at around 89 cents a bushel, they should be making plenty of money when they sell it to the farmer at $1.45 a bushel. As a matter of fact, we feel that the farmer is entitled to wheat at a lower price than $1.45 a bushel for his seed in the drought areas. I know that cuts both ways, because in my own constituency there is a considerable amount of seed wheat for sale and we naturally want to see a good price for those who have it for sale. At the same time I would bring to the attention of hon. members the disintegrating force that is exerted by such transactions as I have mentioned on the Winnipeg grain exchange, and which are dividing Canada instead of unifying it. Some hon. members wonder why the people of the west return men who are opposed to the present financial set-up, but it is really because we are being impoverished, more or less, by market manipulators not only in the west but also in the east.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Dominion guarantee of bank loans in respect to Alberta.

Mr. BENNETT: I suggest that it would be well to set out the Alberta statute as a schedule to this act. I think that would be useful and helpful in the future, having regard to the fact that the bill does not contemplate payments being made for three years. It must be remembered that the banks must agree to lend this money for a period of three years, which is an unusual transaction in connection with capital expenditure; indeed, it is unusual for such loans to run beyond a year. The municipalities are guaranteeing the money to the bank; the province then gives its guarantee, and we do not become responsible as joint guarantors but responsible only to pay any ultimate liability not discharged by the province or the municipalities at the end of three years.

Mr. DUNNING: My right hon. friend is not quite right. The municipality is the borrower. It is not a guarantor.

Mr. BENNETT: I should not have used the word guarantor. I knew, of course, they were the borrowers, and it is their responsibility to pay. That is the proper way to put it. They are the primary debtors; then the next debtor by way of guarantee is the province, and we are not going to be called upon to pay, as the legislation distinctly states, until it has been made clearly apparent that three years have passed and after an order in council has been passed by our own government itself defining the circumstances under which the province shall be conclusively deemed unable to fulfil its guarantee. I am only putting this suggestion to the committee; but it strikes me that it would serve a useful purpose if we attached the statute of the province as a schedule to the bill, because it recites what we are guaranteeing and makes clear what we are doing. It might properly, therefore, be a part of the

bill, and the same with respect to Saskatchewan in view of the fact that the Minister of Agriculture has just intimated to me that he is going to make a statement presently that he has found that what he thought was a statute was in part a regulation.

Mr. GARDINER: In connection with the Saskatchewan act, Mr. Chairman, I should like to point out that in the discussion this afternoon we inadvertently—

Mr. BENNETT: It was the other day.

Mr. GARDINER: And this afternoon. I stated that all of these provisions were in the Saskatchewan act; but I find on a close check of the act itself that the memorandum does not make entirely plain the fact that only the first provision in the act, with respect to the $200 maximum per quarter section, is provided for in the act. The Saskatchewan act provides:

> The municipality shall not advance in any one year seed grain and supplies of any greater value than $200 in respect of any one quarter section.

The next provision is not in the act:

> On farms of 320 acres or less of cultivated land no more than sixty per cent of such acreage is to be sown.

Nor is the following provision in the act:

> (d) on farms of over 320 acres of cultivated land fifty per cent thereof may be sown up to a maximum of 250 acres.

That is not in the act. It is a matter of regulation, submitted in connection with the estimates.

Mr. DUNNING: In regard to the point made by the right hon. leader of the opposition, the only objection I can think of at the moment to printing the existing act as a schedule to the bill is the fact that provision is made in section 2 itself with respect to amendments to that act.

Mr. BENNETT: That is the very reason I suggest it should be printed as a schedule.

Mr. DUNNING: I am afraid we cannot go ahead with the bill, then.

Mr. BENNETT: Oh, yes. The point I was trying to make was that the conditions under which we are putting our name on the back of this paper are disclosed by an act, and it was because I saw those words in the section regarding amendments that I thought it desirable that we have in the statute as a schedule the conditions under which this parliament gives its approval to that guarantee. If we were drawing it up as a matter of business, we should have the conditions attached to the agreement.

Mr. DUNNING: There will have to be an agreement in addition to the statute.

Mr. BENNETT: That is an additional reason why I think the statute should be attached as a schedule to the bill, in that the statute would then always be available to members of the house hereafter to enable them to know the exact terms under which we incurred this liability. The amount asked for is $1,900,000. There can be no complaint that we did not give them all they asked for; that is obvious. But the conditions under which we are providing the seed are set forth in that statute.

Mr. DUNNING: The conditions under which they are providing it, subject to our guarantee.

Mr. BENNETT: We really are doing it by giving our guarantee, and the reason we become responsible for the payment of $1,900,000 is that we have presented to us a statute upon which we have relied. If someone desires to see what that statute is, he will look in vain in this bill to find it. It is usual in cases of this kind to attach the statute as a schedule to the bill, just as in the case of an agreement indicating certain conclusions arrived at by the parties. There are in the older statutes innumerable cases of attaching as a schedule to the statute the conditions which enable one to understand at a glance just what we have done, and why. I think that is desirable.

Mr. DUNNING: I am in a little difficulty in regard to that from the standpoint of time because the Alberta act has not yet been amended, I believe, to bring it up to this year. It is necessary for these legislatures to amend their own acts to make the necessary provision for an additional year. In the legislation which we enacted previously, in the last two sessions, we did not adopt the policy of attaching the provincial act as a schedule, and I am afraid that if we were going to do so now, we would have to wait until we received from the province their completed statute for this session.

Mr. BENNETT: Does the minister mean to say it is not passed yet?

Mr. DUNNING: It is not passed yet. I have no objection in principle to presenting a provincial act as a schedule to the bill; but might I suggest that possibly the same object would be served if we attached the provincial statute to the agreement pertaining to this legislation and then tabled the whole thing in the house?

Mr. BENNETT: That serves, in part, the purpose. I do not want the minister to conclude that I had any particular view about the matter.

Mr. DUNNING: No; I understand that.

Mr. BENNETT: But I should like to say this. I suppose it is because one has been trained as he has, that when I pick up a statute of the Dominion of Canada and look at it, if it refers to something else I like to have that "something else" on the record so that I shall have no difficulty in understanding it; and a layman should be in exactly the same position. That is purely a question of convenience. But where it involves what this does, it is more than a question of convenience. However, as the statute is not passed, we need not waste time talking about it; it cannot be printed.

Mr. DUNNING: Of course there would be involved the printing as a schedule of all the preceding acts referring to the same act which are dealt with here. There could not be a complete understanding of this act without the printing as a schedule of each of the annual amendments of the provincial statute.

Mr. BENNETT: Oh, no; you just print the statute as it was passed this year.

Mr. STEWART: Applicable to this guarantee.

Mr. DUNNING: Their statute of this year will bring up to date the previous ones. That, I think, is correct.

Mr. BENNETT: Is that all it is going to do?

Mr. DUNNING: That is all we know of. There are three acts in the case of Saskatchewan, one in the case of Alberta.

Mr. BENNETT: Yes; I see that.

Mr. PERLEY: Hon. J. G. Taggart, Minister of Agriculture of Saskatchewan, has made the statement that 6,500,000 bushels of wheat have moved into districts where it is required; that the board has authorized that movement. Could the minister tell us what proportion of that 6,500,000 bushels was acquired in Saskatchewan and where the balance was acquired?

Mr. GARDINER: I can hardly understand the figures that have just been given by the hon. member for Qu'Appelle. It is just possible that they cover the amounts of both feed and seed which are being shipped into the area to take care of both requirements. There would not be that much wheat shipped in to date under the undertaking in which this government is interested. There may be that much wheat required in order to take care of purchases which are going to be made by individuals, loan companies, and companies that are going to seed their own land. The government of Saskatchewan has assumed responsibility for attempting to ship into the area all the grain that will be required by individuals generally; grain that is supplied to loan companies and to corporations having land and to individuals who can pay for their seed will be sold outright and will not be affected by this guarantee. So I do not think we can show any real relationship between any figure for grain shipped up to the present and grain covered by this guarantee.

Mr. PERLEY: This report distinctly states that the grain board has authorized the distribution of that much wheat. I should like to know what wheat has been acquired anywhere in Saskatchewan.

Mr. DUNNING: In it, or for it?

Mr. PERLEY: Acquired within the province for the province?

Mr. DUNNING: We cannot answer that. I cannot tell precisely where the wheat was acquired—how much was acquired in Saskatchewan, how much in Manitoba, and how much in Alberta. I simply have not that information. With respect to the movement of wheat I am advised—this advice is now a day or two old—that there should be at this date about three and a half to four million bushels either now in Saskatchewan or on wheels to destination points in Saskatchewan. That is the latest information I have with respect to the movement. But, as the Minister of Agriculture has explained, there is much more involved in that movement than is involved in what we are guaranteeing, because the province is undertaking to see that wheat is there for all purchasers, and not merely purchasers through the municipalities covered by this guarantee.

Mr. PERLEY: Can the minister inform us of the price? They surely must have arrived at a price if they are distributing the wheat, because the farmer must give a note in settlement.

Mr. DUNNING: No; the price is not definitely settled.

Mr. PERLEY: Then what kind of settlement are they taking from the farmers?

Mr. DUNNING: They cannot take any settlement from the farmers until this legislation is passed and until the necessary agreement consequent upon it is made. In the meantime the varying freights from points of origin to points of destination have all

to be pooled because, as I understand the situation, the intention of the province is to charge one price over all the province. Therefore, all the charges have to be actually arrived at. They have had to make special arrangements with the railways regarding demurrage on cars in order to give the farmers an opportunity of unloading at eleven hundred points in Saskatchewan. All these charges must be arrived at before the last half-cent of price can possibly be determined. I cannot give any other answer than that to my hon. friend. I said the other day that, in the judgment of those handling the seed, it would be somewhere between $1.40 and $1.45 in total cost covering everything to the farmer. I am sorry I cannot come closer than that in a transaction of this complexity and magnitude; to say something definite would be merely to put oneself in the position of making a mistake, or being likely to do so.

Mr. PERLEY: Can the minister inform us whether they have made any arrangement with the railway company with respect to freight or will the usual domestic rates be charged within the province?

Mr. DUNNING: It is a special rate, but the province has arranged that. I cannot answer as to just what it is. In each case the province is the purchaser of the wheat, and the provinces are handling these arrangements themselves. The only question which arises in that connection is the amount which must be added to the individual transaction to cover the averaging of all transactions and of all movements, as I say, to 1,100 points in Saskatchewan.

Mr. PERLEY: Does the minister think the price he mentions, namely, from $1.40 to $1.45, would be a fair one?

Mr. DUNNING: I am not going to answer that question. I have said what, from the information supplied to me, it likely will be.

Mr. BENNETT: That raises the real question we have to face sooner or later; we may as well face it now. On December 15 last the governor in council dealt with and passed an order in council. The effective part of it is as follows:

> The committee of the privy council have had before them a report, dated 13th December, 1937, from the Minister of Trade and Commerce, stating that the Canadian Wheat Board advise with regard to the question of converting wheat futures into actual wheat to be used for seed and feed relief in the province of Saskatchewan, that arrangements have been made by the Saskatchewan government for the purchase of this wheat, and that all expenses in connection with the handling, such as premiums, storage, transportation and any additional charges will be paid by the Saskatchewan government.

Obviously this committee should have before it these papers to enable us intelligently to discuss this matter. How did this government come into it? They came into it, clearly, from this document, by the Saskatchewan government having dealt with the wheat board; the Minister of Trade and Commerce made a report, and that report indicated that they were considering the question of converting wheat futures into actual wheat to be used for seed and feed relief in Saskatchewan. Those facts, I think, we should have presented to us in some form or another, because they are involved in the report made by the minister upon which this order in council was passed.

> The minister, therefore, recommends that the Canadian Wheat Board be authorized to exchange the long futures contracts that they have on hand as at July 31st, 1937, namely 6,964,000 bushels, for actual wheat to be used for seed and feed purposes in the province of Saskatchewan in connection with the sowing of the 1938 crop.

I have under my hand the relative documents dealing with that transaction. Every week the auditors sent in their report, always in the same form, so far as form is concerned. Week after week they followed a stereotyped form after this transaction was put in the shape in which it was. I quote:

> Exhibit A.—Statement of transactions in regard to wheat holdings acquired from Canadian Cooperative Wheat Producers Limited.
> Exhibit B.—Statement of transactions in regard to seed and feed account.

All the wheat that Murray bought while he was chairman of that board in connection with the operations of the board after McFarland was dismissed has been disposed of and ended and the loss indicated by these documents. All the wheat that was left was part of the McFarland wheat, and in July it was 6,964,000 bushels. That was McFarland wheat, and on July 31, Murray converted that into options. These were options to acquire real wheat later in the year. The Minister of Finance said that perhaps they were not all October. They may have been October, November and December, later in the year, and possibly some may have gone into the next year. Now comes the Saskatchewan government, not without the approval of this government, but with the approval and the knowledge of this government, and says, "We will convert these options into cash"; and to do that the price of wheat

has been raised how many cents? That is the question. What is the premium? The intelligent action to take would have been in July, when it was known what the crop was, not to have had it converted into options.

Mr. DUNNING: It was not.

Mr. BENNETT: It says so here.

Mr. DUNNING: No.

Mr. BENNETT: Well, let me read from the auditors' report:

On August 19th, 1937, the board commenced the policy of converting long options held on Number 2 account into purchase contracts for certain grades of wheat so as to ensure the retention of rust-resistant and other varieties for seed purposes in 1938. The transactions on this account to March 19th, 1938, are reflected in Exhibit B attached hereto.

Mr. DUNNING: But that is not what my right hon. friend said.

Mr. BENNETT: I said that in July they converted their then holdings into options.

Mr. DUNNING: No.

Mr. BENNETT: But they did.

Mr. DUNNING: No, that is directly the opposite.

Mr. BENNETT: There were outstanding options for the whole six million bushels in August.

Mr. DUNNING: They did not convert them into options.

Mr. BENNETT: They started to convert them into cash.

Mr. DUNNING: Into cash, not options.

Mr. BENNETT: That is what I have been saying right along. What I say is that the options which expired were renewed and this wheat has been carried since the day they took it over at 89¾ cents.

Mr. DUNNING: The futures.

Mr. BENNETT: Murray took it over at 89¾.

Mr. DUNNING: The futures.

Mr. BENNETT: And the futures were renewed from time to time, so that on July 31, 1937, there were outstanding options, that is futures wheat, for 6,964,000 bushels.

Mr. DUNNING: That is right.

Mr. BENNETT: Then the Saskatchewan government apparently saw the wheat board; that information is communicated to the Minister of Trade and Commerce, and he makes a report to council which is recorded in December, mark you, long after this work was started. That is the reason why I asked as to the authority for that. I asked how it came about, by whose authority it had been done. I cannot go beyond the auditors' report, for I have not access to the papers; but the auditors say that it was on August 19, 1937, that they were on this job of converting options into cash. Let me read the words of their report:

On August 19th, 1937, the board commenced the policy of converting long options held on Number 2 account into purchase contracts for certain grades of wheat so as to ensure the retention of rust-resistant and other varieties for seed purposes in 1938. The transactions on this account to March 19th, 1938, are reflected in Exhibit B attached hereto.

Here is Exhibit B:

	Bushels	
Wheat purchased and stored in interior terminals and in country elevators (screenings 147,000 lbs.)	4,684,946–40	
Wheat commitments—open purchase contracts (net)	2,287,903–55	
Wheat exported for milling test purposes	48,008–00	
Total purchases and open purchase contracts		7,020,858–35
Deduct: Options exchanged against export shipments	48,000–00	
Sales of off-grade seed and feed wheat	44,612–50	
Fire loss adjustment	1,825–05	
		94,437–55
Net stocks—seed and feed account		6,926,420–40

Mr. DUNNING: On what date?

Mr. BENNETT: That was March 19 of this year, nine days ago. It goes on:

Cash position	
Liability on wheat delivered but not paid for	$1,159,035 93
Estimated liability on open purchase contracts	2,904,349 64
Due to No. 2 account	5,255,701 31
Total liability on seed and feed account	$9,319,086 88

Where did the board get this power? Under what authority are they acting? The Wheat Board Act gave them no such power, and I have known the house to be kept for days while hon. gentlemen opposite on former occasions thundered anathemas on the question of authority and power. Well, what is their power here? Their power is to convert options into cash but unless somebody is going to take a loss—

Mr. DUNNING: Does my right hon. friend acknowledge that they have power to turn options into cash?

Mr. BENNETT: I have no doubt that if it was for the purpose—

Mr. DUNNING: Thanks.

Mr. BENNETT: The act says distinctly that if they were dealing with their own transactions, they had the power, but the documents show that it had passed out of their hands.

Mr. DUNNING: It is not out of their hands now.

Mr. BENNETT: Excuse me. I do not know what ministers were present, but the government on December 19 passed an order in council from which it appears that they knew these very things.

Mr. DUNNING: Of course we knew them.

Mr. BENNETT: Well, how did you act between August and December? What was the authority?

Mr. EULER: I am speaking from memory now, and possibly there may be criticism in connection with this; but the Saskatchewan government, so far as I recollect, made the suggestion to the wheat board that the options should be converted into cash wheat for the purposes of seed. The committee of the cabinet, four members, decided that it was quite a proper thing to do and, after discussing it, gave verbal authority. It may have been by wire or letter—I do not have it before me—but authority was given to the chairman of the wheat board so to act, to convert the options into cash wheat and so supply the Saskatchewan government at a certain price fixed according to the price over an average period. It was not thought necessary—and this is why I say that possibly there may be some criticism, though we had legal opinion—to have an order in council passed with respect to the matter; but later it was deemed better—and I believe it was on the suggestion of the chairman of the wheat board himself—that an order in council should be passed, and the order was then passed, according to what my right hon. friend says, some time in December. That is the explanation as far as I remember.

Mr. BENNETT: That puts the matter in an even worse light. The government knew the order in council was necessary and did not pass it.

Mr. EULER; No; we did not think so.

Mr. BENNETT: And now in December they come along and do it.

Mr. EULER: Exactly.

Mr. BENNETT: Well, surely this committee is entitled to something fuller than that in the way of information.

Mr. EULER: That is all we have.

[Mr. Dunning.]

Mr. BENNETT: Well, we have not seen that yet. The minister is speaking of his recollection of these matters; I think we should see the documents.

Mr. EULER: My right hon. friend is perfectly welcome to have any documents that are in existence.

Mr. BENNETT: It would seem to me strange that the consent was given on December 15, 1937, and the auditor's report says this business commenced in August, 1937.

Then I should go a step further, and point out that on the financial side we have a still stranger situation. I take exhibit A, of August 21, 1937—I am using August because that is the month in which conversion commenced.

Cash position:	
Funds on deposit with banks..	$ 2,946,114 85
Funds transferred to dominion government..	8,000,000 00
Funds on deposit with dominion government..	2,000,000 00
Due from Winnipeg Grain and Produce Exchange Clearing Association Limited..	42,586 25
	$12,988,701 10
Due from No. 1 account.. ..	11,858,104 18

That is the loss made by Murray after he took possession of the wheat.

Due from No. 3 account..	$49,574 88

Then you have due on Saskatchewan government account $50,570, which was discussed before the royal commission as though Mr. Justice Turgeon were a court. That matter will come up for discussion later. The cash surplus on No. 2 account was $24,845,810.16. That is the auditor's report, not my words.

I turn now to the account which is nine days' old, and this is the story:

Cash position:	
Liability on wheat delivered but not paid for..	$1,159,035 93
Estimated liability on open purchase contracts..	2,904,349 64
Due to No. 2 account..	5,255,701 31
Total liability on seed and feed account..	$9,319,086 88

Eight million dollars could not be parted with; that got into the consolidated fund; the Minister of Finance saw to that. The $2,000,000 deposited he had to hand back; that is gone. And all the cash they had, $5,000,000, has been spent in buying wheat, that is, in converting options into cash, paying for wheat. According to the auditor's report of nine days ago, you have a debt of $9,319,086.88 against the surplus cash on No. 2 account on August 21 last of $24,845,810.16.

These are not my figures; I am just reading them as they are. I think we are entitled to some explanation of that. By what authority was it done? How could it be done? Surely we have some right to know that, because the price of this wheat to the farmers of the west is of vital importance. If it were not for that, I admit that another place would be the place to discuss the matter. But there is the story, and I should like an explanation.

Mr. EULER: Is my right hon. friend's point as to the price that is to be paid by Saskatchewan for the seed wheat?

Mr. BENNETT: The minister was not in the chamber this afternoon. The Minister of Finance has said that he cannot indicate the price clearly because the transactions of conversion are not all completed; the wheat is in process of delivery to some 1,100 points in Saskatchewan and he cannot say now what the price is going to be, but suggests somewhere around $1.45. Now this we know, that Murray bought that wheat for 89¾ cents, or thereabouts, in December, 1935.

Mr. ROSS (Moose Jaw): How much?

Mr. BENNETT: Oh, a couple of hundred million bushels or thereabouts. And this is part of it. It was all gone but 6,964,000 bushels, and on July 31 that was in the shape of futures. The minister properly said this afternoon that I should not say they were all October options, because the evidence does not indicate that. But I can properly say they were futures. I think he meant to convey that possibly some may be December; I do not know. On August 28, it was determined that that wheat in the form of futures should be converted into real wheat. That costs money, and that money is indicated in these documents. I am asking, by what authority is this being done? I have had produced to me an order in council dated December 15, 1937, which I have read. That does nothing more than say that the minister recommends that the Canadian wheat board be authorized to exchange the long futures contracts that they have on hand as at July 31, 1937, namely, 6,964,000 bushels, for actual wheat to be used for seed and feed purposes. It was not all seed, mark you; part is feed.

Mr. DUNNING: Feed for seeding purposes.

Mr. BENNETT: It says for seed and feed purposes in Saskatchewan in connection with the sowing of the 1938 crop. The point I am making is that it was not all seed; part of it was feed. What I am asking is not unreasonable. We want to know by what authority this is being done, and why the farmers of Saskatchewan have to pay the price of converting these options into cash wheat, when on July 31 your board saw fit to take that option and extend it at any rate to the future, that is beyond July 31. To-day the farmers of Saskatchewan and Alberta are going to be called upon to pay for it. The minister mentioned $1.45 as somewhere around what the price will be.

Mr. DUNNING: That will be the outside limit.

Mr. BENNETT: Including freight?

Mr. DUNNING: All charges.

Mr. BENNETT: Carriage, insurance and everything. That is the wheat which Murray took from McFarland or the wheat board or the cooperative at eighty-nine and a fraction cents in December 1935. There is the story. What I ask is, Where are the relevant documents? If we were back in 1935 or 1934 with a story like this, just imagine what they would be saying! However, that is in the realm of conjecture and doubt; we shall leave that and deal with realities. Here are the realities, and I want some statement as to why and how and by what authority that is done.

I want to know more. We are giving the guarantee of the dominion government—I as a taxpayer am doing so—for this $14,000,000 in Saskatchewan and $1,900,000 in Alberta, and it is on the basis of wheat costing what has been indicated. The Minister of Agriculture made this clear this afternoon. Just imagine if we had done that, or anybody else with any business capacity! I find it incredible that this could have happened, knowing what conditions were in July, 1937. Was there anyone who had any doubt at that date about what crop conditions were in this country? I crossed the plains just before that; I know that in Manitoba there was evidence of a crop, but I know that in parts of Saskatchewan and Alberta it was completely burnt up. Mark you, that is July 31, and here is the auditor's report that on August 28—

Mr. DUNNING: The week ending August 21.

Mr. BENNETT: It is said here to be August 19; that is the reason I turned it up, and with great deference to the Minister of Finance I am bound to take what the auditor says. He says that on August 19, 1937, the board commenced a policy of converting. There is the story, and I am sure the whole committee will listen with great pleasure to the explanation.

Mr. EULER: As the committee knows, I was not present while the discussion was taking place, but it seems to me there are just two points raised by the right hon. gentleman to which I should reply. The one is with regard to the authority under which the wheat board was empowered to make these purchases of cash wheat; the other was with regard to the price per bushel which shall be paid by the Saskatchewan government for the wheat.

With regard to the authority, I have already given the explanation. The wheat committee of the cabinet met and decided that the chairman of the wheat board should be empowered to purchase this wheat, to turn the futures into cash wheat and supply the Saskatchewan government, and later the Alberta government as well. We did not think it was necessary to have an order in council. I am inclined to think we had the opinion of the solicitors of the Department of Justice; I am not quite sure about that, but I believe we were told that an order in council was not necessary to enable us to do this. I then wrote or telegraphed to the chairman of the wheat board that he could proceed in the direction indicated, namely the making of purchases of wheat and turning them over to the Saskatchewan government. Later on, as I said before—I think it was on the suggestion of Mr. McIvor—it was thought that it might be better to have an order in council, conveying the authority in that way rather than merely by instructions from myself, authorized by the committee of the cabinet which has to do with wheat board matters. The price at which the wheat was to be transferred to the Saskatchewan government was an average price as between two dates, which I do not recall at the moment but which can be easily ascertained.

Mr. BENNETT: Is that settled?

Mr. EULER: The final settlement?

Mr. BENNETT: Have the terms been settled as to what the price is to be?

Mr. EULER: As to what the price per bushel is to be?

Mr. BENNETT: Yes.

Mr. EULER: No, I think not. The right non. gentleman means the price the farmer is supposed to pay? I do not suppose that would be possible.

Mr. BENNETT: The price at which the conversion was to take place?

[Mr. Bennett.]

Mr. EULER: I think not, but I am not certain as to that. I would say, however, that even if the price at which the Saskatchewan government bought from the wheat board were known, this would not necessarily empower the board to say what the price would be to the farmer, because other factors, transportation and matters of that kind, will enter into that price. I can give no further explanation than that. I take it that the government was at least acting in perfectly good faith in wanting to get that wheat over to the Saskatchewan government at as early a date as possible and at a fair price. I do not know whether my right hon. friend is trying to make the point that if that wheat was taken over at 89 cents, it should be transferred for seed wheat at that price. I would judge that the wheat should go to the governments of Saskatchewan and Alberta at what it was worth at that time, and that price was to be an average as between certain dates, which at the moment I cannot recall.

Mr. BENNETT: There is a difference of opinion between my hon. friend and the other minister in that respect, but that is all right; it is only a matter of memory in both instances.

Mr. EULER: I am speaking from memory now, and I think I am correct. I cannot give the exact dates, but they can be easily ascertained. I could supply my right hon. friend with those dates without trouble.

Mr. BENNETT: Having regard to the experience of some of us on this side with respect to this matter, I remember that it was always thought desirable to have some legal background for any action taken, and I find that the powers of the board, as defined by the statute, were:

(a) to fix a price to be paid to the producer for wheat delivered to the board as by this act provided, subject to the approval of the governor in council;

(b) to sell and dispose of from time to time all wheat which the board may acquire, for such price as it may consider reasonable, with the object of promoting the sale and use of Canadian wheat in world markets;—

Those were the days when the advertisements with respect to bread were running so prolifically in British papers. I am quoting from section 8 of chapter 53 of the statutes of 1935:

(c) to sell and dispose of stocks of wheat and contracts for the delivery of wheat acquired from Canadian Cooperative Wheat Producers Limited and the wheat represented by such contracts as may be reasonably possible, having regard to economic and other conditions.

That is dealing with cooperative wheat producers' wheat. This was a part of that wheat. There is, so far as I know, no other authority than possibly the prerogative right of the sovereign, that deals with this matter. I know of none at all, and I am asking for the authority for dealing with this wheat in this way.

Mr. EULER: I have explained that.

Mr. BENNETT: If might makes right, the minister has explained it. If the dictatorial powers of the government extend without statutory authority to anything it pleases, I understand the situation.

Mr. EULER: Would my right hon. friend think that the subsequent order in council which was passed would rectify what he thinks was an improper action?

Mr. BENNETT: What your right hon. friend thinks is not just now the issue, but I shall tell you what he thinks. He thinks exactly what he says, that no order in council passed in December can give validity to what was done in August. That is what he thinks.

Mr. ROSS (Moose Jaw): Could it have been done under the other board, the former board?

Mr. BENNETT: No; it could not have been done under any board—

Mr. ROSS (Moose Jaw): It was done.

Mr. BENNETT: —as it stands now. That was done before the board was created. I should like to tell the hon. member for Moose Jaw that the circumstance to which he alludes was an entirely different one and had nothing whatever to do with this wheat board, which came into being in 1935 under chapter 53 of the statutes for that year, the administration of which has been solely in the hands of the present administration, except in regard to the fixing of the price for that year. If the hon. gentleman wants information with respect to seed which was bought by the old co-operative, it can easily be given.

Mr. ROSS (Moose Jaw): I am not talking about seed.

Mr. BENNETT: What the hon. member wants to say, and does not quite have the courage to rise in his place and say, is: Was McFarland buying some wheat?

Mr. ROSS (Moose Jaw): No; I say McFarland did buy wheat, and not from the producers.

Mr. BENNETT: He did not. He dealt with it as defined in this statute:

(i) in selling and disposing of wheat as by this act provided, to utilize and employ without discrimination such marketing agencies, including commission merchants, brokers, elevator men, exporters and other persons engaged in or operating facilities for the selling and handling of wheat, as the board in its discretion may determine;—

In other words, the existing machinery was to be used; options were given and taken, and everything else was provided for.

Mr. ROSS (Moose Jaw): But McFarland bought 14,000,000 bushels of futures.

Mr. BENNETT: Absolutely, under that section, and bought them for the board.

Mr. ROSS (Moose Jaw): Without any authority whatever.

Mr. BENNETT: No; it was bought by the old cooperative before the board came into being, while it was still awaiting the authorization of the governor in council with respect to matters such as price and so on. But do not let us get away from the main issue, which is, by what authority this board, under the direction of the government, is now undertaking to give, in consequence of that arrangement, a guarantee which means that it will cost the settlers and farmers of Saskatchewan something in the vicinity of $1.45 a bushel for their wheat.

Mr. EULER: If they had bought it in any other way, would they have bought it for any less?

Mr. DONNELLY: The board were not buying wheat. They had their options and said they were going to take delivery of the wheat. That is not buying wheat. The other man had to go out and buy it and give it to the board.

Mr. BENNETT: One or two more observations like that and the hon. member for Waterloo North will cry for "Blucher or night." That more nearly proves what we are saying than any observations which have been made by the minister. It is quite true that the board had become sellers of wheat, and they became sellers to Saskatchewan. They must be sellers at a price because the statute says they cannot sell except at a price. We want to know at what price they sold and that is what we have asked for. In view of the fact that the government directed the board to do this, surely we have the right to know three and a half months afterwards at what price they sold.

Mr. EULER: I have told that to my right hon. friend.

Mr. BENNETT: Would the minister with his generous disposition that he sometimes masks behind a frowning countenance be good enough to explain just what was the price?

Mr. EULER: I would be merely repeating what I have said already, and I am not going to burden the committee by doing that.

Mr. DUNNING: My right hon. friend with his usual great ability has succeeded in weaving apparent mystery around a perfectly simple transaction. Here we had a condition in western Canada; it became apparent in June and July that over that great area there would not be a sufficiency of good seed for the following year. At the same time there existed a government agency, the wheat board, which had in its possession just short of 7,000,000 bushels in wheat futures contracts. These were just the same contracts as they had taken over originally from what my right hon. friend describes as the McFarland board. These futures contracts for wheat entitled the holder to get delivery at Fort William.

Mr. ROSS (Moose Jaw): They could deliver No. 1, No. 2, No. 3 or No. 4 northern, or No. 1 or No. 2 garnet.

Mr. DUNNING: I shall come to that in a moment. What would have been said of this government if, with a government agency holding nearly 7,000,000 bushels in wheat contracts, wheat had nevertheless been allowed to go out of the country and the farmers had been consequently unable to sow their land? As I recall it, we looked at the situation in late July after we came back from the imperial conference. I am glad my right hon. friend admitted a few moments ago that the wheat board had a perfect right to turn these futures contracts into real wheat, because that is the point.

Mr. BENNETT: They have to sell wheat. The law says that is their job.

Mr. DUNNING: If the wheat board had the power under the statute to turn its futures contracts into cash wheat at any time, then there can be no question about the authority of the wheat board to go through with this transaction which we are discussing. Why is that? Once it has authority to turn futures contracts into real wheat, can there be any doubt as to its authority to keep that real wheat? Goodness knows, the wheat boards and the authorities which preceded them did keep wheat and wheat futures contracts for long enough periods, and they must have had authority to do so. At least, I am giving my right hon. friend credit for believing that he had authority to do what he did, just as we believe that we have authority to do what was done in this case.

What do we find? We find the wheat board as a matter of national interest instructed by a committee of the cabinet that, in view of the shortage of good seed, it would be better not to let wheat get out of the country so that we would be short of seed. Proceeding steadily from August on, the board proceeded to convert these futures contracts into actual wheat. It is apparent that it would have been useless and wasteful for them to have taken delivery of that wheat at Fort William, because Fort William is not the place where the wheat is required for seed. In addition, there would be heavy freight charges in shipping the wheat westward from Fort William to the places at which it was required. An even more important matter is that the deliverer of wheat under a futures contract would, as my right hon. friend well knows, have the power to tender to the board No. 1, No. 2, No. 3 or No. 4 northern. These futures contracts permit the deliverer to deliver these lower grades of wheat at an agreed upon discount.

Mr. ROSS (Moose Jaw): And No. 1 and No. 2 garnet.

Mr. DUNNING: All the garnet mixtures could have been delivered. I shall do my right hon. friend the justice of saying that he never suggested that they should take delivery at Fort William.

Mr. BENNETT: He certainly did not.

Mr. DUNNING: He knows perfectly well that if the holder of the futures contract does not elect to take delivery at Fort William under the terms of the contract, and requires delivery at some other place, he must negotiate the terms upon which that delivery is to be made, because it is a departure from the original contract which involves the possible delivery, as I have stated, of No. 1, No. 2, No. 3, or No. 4 northern at Fort William. I submit that not only had the wheat board a perfect right under this statute, as stated by my right hon. friend, to do everything which has been done thus far, but it had the undoubted power, as he says, to turn these futures contracts into cash wheat.

Mr. BENNETT: No; I did not say that.

Mr. DUNNING: It had the undoubted power to acquire that cash wheat, and it has the undoubted power to sell that cash wheat to the provinces of Saskatchewan and Alberta in order that the farmers may sow it during the spring of 1938. The transaction

is a perfectly simple one. As my right hon. friend says, they are sellers of wheat; their business is to sell wheat. Therefore, it is not their business to sell below the market. I believe I am correct in saying that the adjustments will involve turning the wheat over to the provinces concerned, to Saskatchewan at any rate, at a price based upon the average of prices between July 31 and whatever date is arranged for as the delivery date after this legislation has passed and it is possible to put through the financial aspects. My right hon. friend may take the financial statement and say that the surplus which existed now becomes a debt to the bank, and so on. He knows how simple that really is.

Mr. BENNETT: Certainly it is.

Mr. DUNNING: It does not cost all these amounts to carry wheat futures, but it does cost something to carry real wheat. Interest must be paid; storage charges must be paid, and freight charges must be paid when the wheat is moved from one place to another. The freight charges to each of the 1,100 individual destinations within the province of Saskatchewan will have to be paid. If, after that has been done, the prices involved are to be based upon the averages such as I have indicated, who can say that the transaction is an unfair one from the standpoint of the board, on the one hand, and from the standpoint of the farmers who are getting the seed, on the other?

The provincial governments appear to be perfectly satisfied. They are the primary debtors in the matter, and they have examined the whole transaction. They have dealt with the wheat board; they have not dealt with the government. The wheat board has perfect authority under this statute to sell wheat. In making arrangements to sell to these provinces, I submit that it is acting as much within its power as though it were selling to a miller, to an exporter or to any one else who might be buying wheat. There is the simplicity of this whole transaction. There is nothing mysterious about it at all.

Mr. BENNETT: If these orders in council are correct, there is a distinct limitation on the part of the wheat board with respect to this wheat. This is not the wheat that is covered by a special section in chapter 53 of the statutes of 1935. Paragraph (c) of section 8 reads as follows:

(c) to sell and dispose of stocks of wheat and contracts for delivery of wheat acquired from Canadian Cooperative Wheat Producers Limited and the wheat represented by such contracts—

Mr. DUNNING: Yes—"and the wheat represented by such contracts."

Mr. BENNETT: Surely. It goes on:

—as may be reasonably possible, having regard to economic and other conditions.

That is what they had to sell. Then there is another provision with regard to their getting the wheat. That wheat, we find by the government's own records, was purchased by Saskatchewan, and here is why I say that—and, mark you, before any conversion took place at all—Saskatchewan bought the wheat under the provisions of that subsection.

Mr. DUNNING: It is not bought yet.

Mr. BENNETT: All right; then I am going to ask this question: Why did you pass the order in council on the fifteenth of December?

The committee of the privy council had before them a report, dated 13th December, 1937, from the Minister of Trade and Commerce, stating that the Canadian wheat board advise with regard to the question of converting wheat futures into actual wheat to be used for seed and feed relief in the province of Saskatchewan, that arrangements have been made by the Saskatchewan government for the purchase of this wheat.

Mr. DUNNING: Exactly—"arrangements"; and they are not completed yet.

Mr. BENNETT: Surely the hon. gentleman knows that the arrangements are arrangements to purchase the wheat; but being the kind of lawyer that he showed himself this afternoon, perhaps he has not appreciated that fact.

Mr. DUNNING: Not a lawyer; but we have the wheat.

Mr. BENNETT: This order in council says that they arranged to purchase the wheat, and here is the amazing part of it:

—and that all charges in connection with the handling, such as premiums, storage, transportation and any additional charges will be paid by the Saskatchewan government.

So that on December 13 last the government knew that the wheat board had sold the wheat to Saskatchewan.

Mr. EULER: We knew it before that.

Mr. BENNETT: Surely. The Minister of Finance said he knew it when he came back from England, and I assume that the Minister of Trade and Commerce, who does not seem to have graced that occasion with his presence, knew of it during the absence of the Minister of Finance. The Minister of Trade and Commerce had been wandering around Australia—

Mr. EULER: So had the right hon. gentleman.

Mr. BENNETT: —and he learned during the absence of the Minister of Finance what was the fact. Here are the transactions. First, the wheat board, as authorized by law, sold wheat futures to the government of Saskatchewan.

Mr. EULER: Not futures; they sold wheat.

Mr. BENNETT: But the law says they have the right to sell wheat:

—and the wheat represented by such contracts as may be reasonably possible, having regard to economic and other conditions.

They sold the wheat and they undertook to convert the futures into real wheat for the government of Saskatchewan. I want to know where their authority to do it came from.

Mr. DUNNING: The right hon. gentleman himself said they had authority.

Mr. BENNETT: The hon. gentleman misunderstood that observation. That had reference to their duties with respect to sales. They had no right to do a job for the province of Saskatchewan and take the risk of this money being paid.

Mr. DUNNING: Take the risk of its being paid?

Mr. BENNETT: Yes, by Saskatchewan, the premiums and all the handling charges.

Mr. EULER: There was the same risk if they sold it to anybody else.

Mr. ROSS (Moose Jaw): May I ask the right hon. gentleman what act he is quoting from?

Mr. BENNETT: The Canadian Wheat Board Act of 1935, section 8, paragraph (c), and I have been reading from the order in council passed on the fifteenth day of December, 1937, which undertook to authorize something to be done which, according to the auditor's report, had already been done on a large scale, and for which the wheat board made an arrangement with the province of Saskatchewan as a corporation. It may have had power to contract to do a job of work for the province of Saskatchewan, but it is not so indicated in the powers granted to it.

Mr. DUNNING: Read section 7.

Mr. BENNETT: Section 7 provides:

The board shall undertake the marketing of wheat in interprovincial and export trade and for such purposes shall have all the powers of a corporation and without limitation upon such powers the following—

Mr. DUNNING: "Without limitation," it says.

[Mr. Euler]

Mr. BENNETT: There is a special clause that dealt with the cooperative wheat, and then you find in paragraph (c) of section 8 that the general powers of this board were entirely different from its powers with respect to this particular wheat. That wheat formed the subject of special legislation. It was discussed in committee and there were varying views about it. Hon. members will remember the difficulties that came about with regard to the acquisition of this wheat. There is no question how that difficulty came about, is there? Paragraph (f) of section 7 says:

Notwithstanding anything hereinbefore contained, to acquire from Canadian Cooperative Wheat Producers Limited, upon terms to be approved by the governor in council, all wheat or contracts to purchase or take delivery of wheat in respect of which the government of Canada has given a guarantee.

Mr. DUNNING: Does my right hon. friend interpret the words in section 8, "it shall be the duty of the board," to constitute a limitation on the general powers that he read a moment ago in section 7 giving the board the powers of a corporation?

Mr. BENNETT: The duty of the board legally imposed on them the obligation—

Mr. DUNNING: Does that limit the general powers given under section 7?

Mr. BENNETT: Paragraph (c) dealt specifically with the board's wheat. The cooperative wheat was dealt with. After we get it into their possession, there is a definite way in which it has to be treated. It stands separately. There were no participation certificates to be given with respect to that.

Mr. DUNNING: But the very language of paragraph (c) permits everything that one could desire.

Mr. BENNETT: Paragraph (c) puts a limitation on this wheat as distinguished from any other. I am not stickling over technicalities. The board undertook this work for Saskatchewan. What I am coming to is this: We knew what the situation was prior to the end of July. We had some clear appreciation of it apparently towards the beginning or middle of July at any rate. We did not do anything, but Saskatchewan did. We then permitted them to acquire the wheat; but we did not pass any order in council until they wanted to purchase some seven million bushels of wheat, and we passed an order in council in December authorizing them to do it in August, that is—after it had all been done.

Then comes the question what the price is to be. The statute is obligatory on the price. I do not know yet what the price was. I have been trying to find out all night. I am tremendously interested in the price, as every member is, because it affects two things. First, it affects the standing of the wheat board with respect to the McFarland wheat. Second, it affects the price the farmers of western Canada are going to pay for that same wheat. At what price was that wheat sold?

Mr. ROSS (Moose Jaw): Before the minister answers, I understand that the right hon. gentleman says that he is quoting from sections of the 1935 Canadian Wheat Board Act, and he is endeavouring to find out what authority the government had under the act to purchase the wheat for the province of Saskatchewan. I happened to be on the wheat committee a year or so ago, and as I remember it, the board under Mr. McFarland purchased some ten million bushels of wheat, not for any provincial government, but by way of wheat options for the purpose of gambling on the wheat market at that time. These facts were brought out before the wheat committee; they have never been refuted by anyone; and surely, if Mr. McFarland had that power at that time under this act, the government should have the same power under this legislation to purchase wheat for the provincial government that needs to buy seed for the farmers in that province.

Mr. BENNETT: I suppose it may be desirable to make it clear that that observation has no merit in fact. I, therefore, shall do so. It was the cooperative enterprise that bought the ten million bushels of wheat.

Mr. ROSS (Moose Jaw): With the same gentleman acting as chairman or manager of the cooperative.

Mr. BENNETT: It was not the wheat board that bought it. Supposing the hon. gentleman just retracts the false statement he made.

Mr. ROSS (Moose Jaw): What false statement?

Mr. BENNETT: That the wheat board bought ten million bushels.

Mr. ROSS (Moose Jaw): Mr. McFarland bought it.

Mr. BENNETT: Mr. McFarland did not. The cooperative enterprise bought the wheat. We had the evidence of that. It was before the Turgeon commission.

Mr. ROSS (Moose Jaw): What Dr. Jekyll and Mr. Hyde do is the same thing.

Mr. BENNETT: Well, it may be that the hon. member feels that he has added to his reputation by making that observation. The wheat board had not yet been organized; it was in process of organization, and the cooperative turned that wheat over to Mr. Murray. It is true they sold some wheat during the next few days; but whatever parcel was mixed with it, the general body of wheat was turned over to Mr. Murray, on which a profit—

Mr. ROSS (Moose Jaw): It does not make any difference.

Mr. BENNETT: The hon. member says it does not make any difference.

Mr. ROSS (Moose Jaw): Not a bit.

Mr. BENNETT: The only difference I would suggest is that it would be the generous and kindly thing to say, "I made a mistake when I said that the wheat board bought the wheat. The cooperative bought it." It would sound better and look better in the future.

Mr. ROSS (Moose Jaw): The facts came out before the wheat committee. Mr. McFarland was working at the same time for both the wheat board and the cooperative under a guarantee from the government of this country.

Mr. BENNETT: Yes. The hon. member may have an account with a set of brokers as a wheat dealer. I do not suggest that as a member of parliament he has it.

Mr. ROSS (Moose Jaw): No; I have not.

Mr. BENNETT: He might do two things. He might as a member of parliament do one thing; he might as a citizen do something else. Mr. McFarland, as part of the cooperative enterprise, bought that wheat, and hon. members will find the evidence in the Turgeon commission report if they want the rest of it. It was not bought by the wheat board; for the wheat board was in process of organization, and it was not an easy thing to organize; it took some time. That is all.

Mr. McLEAN (Melfort): I wonder whether the right hon. leader of the opposition would tell us with whose money Mr. McFarland bought this twelve to fourteen million bushels?

Mr. BENNETT: He bought it with the cooperative's and the banks' money. It was charged up, as the hon. member will remember, in the bank account of the cooperative enterprise—in three banks, I think.

Mr. McLEAN (Melfort): With a guarantee from the government of Canada.

Mr. BENNETT: Certainly; and the reason the guarantee was given was a sound one. It was during that interregnum before the wheat board took charge, and it was for the purpose of stabilizing operations in the price of wheat. This was in 1935, remember. This is the transaction in 1935 that we are talking about. The hon. member probably forgot that.

The CHAIRMAN: Is clause 2 carried?

Mr. PERLEY: No, Mr. Chairman. I think there has never been before parliament legislation as important as this on which so little information has been given, or, in relation to which, as regards the details in respect of this operation the government have been less—well, I would not say, frank, but certainly they have not put the details before us. This evening we have had the admissions: First, that they do not know the acreage to be seeded; second, that they do not know what the price is going to be; third, they do not know the quantity of seed required; and, fourth, they do not know where they are getting the wheat, whether in Alberta, Saskatchewan or Manitoba—

Mr. DUNNING: We know we have it.

Mr. PERLEY: They do not know how much was converted from options into cash during any one month, and there is a great deal of information we cannot get. This is a very important measure, and we should have this information. I wish to refer to the statement made a minute ago by the hon. member for Moose Jaw. If I had had about another two minutes I could have cited the evidence; I have the record here. I was just about to find the question which he brought up, because he was the person who brought the matter before the committee at that time. I may say that a day or two afterwards his statement was corrected, as the right hon. leader of the opposition has just stated; it was made plain that that McFarland operation was on behalf of the cooperative wheat producers.

The Minister of Finance mentioned the procedure with respect to this conversion. He stated that the contract called for delivery at Fort William, and he is quite right. He stated that Fort William was not the place where the wheat would be required. That also is certainly correct. He followed this up by stating that it would be useless for the board to take delivery of wheat at Fort William. I wish briefly to explain how that conversion could take place. I have before me the daily prices of wheat and futures from August 1 to the present. On December 15, the date of the order in council authorizing the action of the board, cash wheat at Fort William was $1.39 for No. 1 northern, and the option which was being converted stood at practically 89 cents to the board. I think the minister will admit that.

Mr. DUNNING: Does the hon. member contend that the value of that wheat was the value as of a date back in 1935, or the value at which it could be disposed of at that moment?

Mr. PERLEY: I shall come to that. The option was for 89 cents. I gave the information this afternoon with respect to the switching and what it cost; and that was switched—true enough—from month to month, from 1935 down to December, 1937. I cited the evidence of the report of the wheat board this year that on those operations they made a profit on switching, and I quoted from the evidence given by Mr. Murray that their position was not weakened by switching from month to month. Therefore, the position as far as the board was concerned was that they had a contract at 89 cents which called for delivery of wheat at Fort William. Is that right? That is what the wheat would stand them there.

Mr. DUNNING: No.

Mr. PERLEY: The wheat was $1.39 cash wheat that day, so there would be 50 cents spread there. If they took delivery of the wheat, with discounts on Nos. 2, 3 and 4 northern, they could easily have had that cash wheat and sold it there and bought the wheat in the interior. I should like the minister to state what the spread would be between wheat at Fort William and wheat in the interior. Certainly wheat in the interior of Saskatchewan is not worth the same as wheat at Fort William, so they would have a little advantage there. I think they would have had no trouble in buying the wheat from the elevator interests in Saskatchewan even if they had taken delivery at Fort William. I have a report here showing the amount of wheat in the interior. There is no question in the world that there were twenty million bushels in the three provinces in December and January. I believe that the grain trade was advised not to ship any out, but to hold it there; that some arrangement would be made and that a certain amount of wheat would be required for seed. I am of opinion that there was not less than half the amount required, of No. 1 and No. 2

northern wheat, in Saskatchewan. If I am not right in assuming that they could have taken delivery at Fort William, sold their cash wheat there, bought the wheat back in the interior, and been able to supply wheat to the farmers at not more than $1.20, I should like to be corrected, or to have the minister explain the situation.

Mr. DUNNING: Shall we call clause 2 carried, Mr. Chairman?

Mr. BENNETT: I should like to know at what price the wheat board sold this wheat to Saskatchewan? I am using now the language of the statute. It has been made clearer this evening than it was this afternoon that the purchase by Saskatchewan was early in August, on the 19th of August or prior thereto. At what price was it sold? The statute says that the price shall be stated, and I want to know what it is.

Mr. DUNNING: The price was not stated when the arrangements were made to undertake this transaction. I have made that clear at least half a dozen times.

Mr. BENNETT: The Minister of Trade and Commerce says otherwise.

Mr. DUNNING: The Minister of Trade and Commerce on no occasion said that the price was set.

Mr. BENNETT: No; he said it was agreed that the average price between certain dates should be the price.

Mr. DUNNING: The formula agreed to was that to be fair to every one it was quite evident that a system of averaging would have to be employed. On the first occasion when I spoke to the financial resolution preceding the bill I expressed it as my own view that the fairest way would be to take the average of prices from July 31, down to the date when the province actually took delivery of the wheat.

We reach this point in trying to satisfy my right hon. friend. We estimate that it will be between $1.40 and $1.45, taking into account all charges including distribution cost to 1,100 points in Saskatchewan. Closer than that we cannot come to-night. After all, what difference does it make to our getting along with this legislation whether it was $1.43½, or $1.43¾, or $1.44? We have endeavoured to come as close as possible, because the actual factors making up the transaction have not yet been determined, and cannot be determined until the transaction is completed.

Mr. DOUGLAS (Weyburn): In his statement on Friday the minister said that no requisition had been made by the Saskatchewan government.

Mr. DUNNING: Shall we call clause 2 was not the correct word, yes.

Mr. DOUGLAS (Weyburn): If I remember rightly, the Saskatchewan government last year canvassed the different municipalities and asked them to give an estimate of how much seed would be needed and what the acreage would be, and on the basis of that survey the Saskatchewan government asked for a certain sum of money to be granted by the federal government. The amounts given by the Minister of Agriculture last year were: wheat, 2,739,000 acres; oats, 1,300,000 acres; barley, 39,000 acres; flax, 14,400 acres; rye, 10,400 acres, making a total of 4,102,800 acres for which seed was to be supplied. A survey had been made, and on the basis of that survey a definite amount was stipulated as required to satisfy the operations. Has anything like that been done this year? The minister said that he had no definite figures as to acreage; but both Alberta and Saskatchewan must have made some survey in order to find out what the requirements would be, and at least an approximate figure must have been arrived at of the number of acres to be seeded, so that we should have some idea of the total acreage as compared with the total acreage last year.

Mr. GARDINER: Those who have been associated with the making of estimates in connection with seed grain and seed grain requirements in Saskatchewan, and in Alberta as well, have been working at this job, most of them, during the whole seven or eight years that there has been necessity for supplying seed to the people of those provinces, and the same type of officials here at Ottawa have been engaged during all that period in checking all those estimates. Some of the ministers here at the present time have also had previous experience of the same kind in the provinces. With all that experience we know fairly well what the acreages are likely to be, but no one is prepared to make more than an estimate of the situation at the present time.

Mr. ROSS (Moose Jaw): No farmer can on his own farm.

Mr. GARDINER: No. There is the additional difficulty this year, coming into all the discussions which have taken place with regard to this matter, that for the first time in the whole history of Saskatchewan there was not enough wheat grown last year to seed the province.

Mr. BENNETT: Not on a full acreage crop.

Mr. GARDINER: There was slightly over two bushels to the acre grown altogether, and by the time you cleaned that and eliminated what was unfit for seed, there was not sufficient grown in the province last year to seed the province. Furthermore, what is generally spoken of in this house as the drought area is not the drought area at all. What has been spoken of as the drought area comprises 170 municipalities in Saskatchewan, for which the federal government pays the full cost, and fifty-two municipalities in Alberta for which the federal government also bears the full cost in connection with relief. But in Saskatchewan that is not half of the area in the whole province which is suffering from drought this year. The new sections are not in exactly the same position as the other sections of the province, because much of the land is suffering now its first year of drought. Some of it had a year of drought in 1931 and no drought since, and to begin to estimate the requirements of those sections as against the requirements of the other sections, would be, I think, futile. I have all the yields in the different municipalities, and I could read them to the committee, but they would not be of any value. Municipality after municipality has no yield whatever. When you get into the neighbourhood of Qu'Appelle river and Long lake, coming from the southwest, you get from two to two and a half bushels, and in areas still further removed to the north and east you get around four and five, while at the very best in some limited areas you get seven, eight or nine bushels. But those areas are extremely limited.

To speak of wheat in Saskatchewan last fall which might have been kept for seed purposes is to overlook the fact that it would have cost more to have kept it in Saskatchewan and to have shipped it from where it was to where it is needed than to have purchased it in Alberta or in Manitoba and shipped it in. All these matters enter into the estimate of acreage, and the nearest estimate that can be made by any one at the moment is the estimate I gave this afternoon, namely, that there will be in the neighbourhood—it may be above or it may be below this figure—of 12,000,000 acres upon which seed will have to be put through government assistance. This does not mean that the whole 12,000,000 acres will be seeded to wheat, or that the whole 12,000,000 acres will receive seed from the governments. There is, however, an acreage of 12,000,000 acres that we shall have to consider giving assistance to. If we take

Alberta, the regulations there permit of seeding up to 300 acres; but that includes all that the farmer has in his bin, and to estimate the acreage there for which seed will have to be supplied as compared with some other areas where the farmer cannot possibly have seed in his bin, is an impossibility and something that would not help the committee in arriving at a decision as to what should be done.

The whole acreage that requires assistance from the government will get assistance somewhat on the basis which has been outlined to the committee, a basis that, as I pointed out at the beginning of the discussion this evening, was not properly set out in the statement made the other day and this afternoon again, to the effect that the acreage was set in legislation. The acreage is provided for through the regulations provided for in the legislation, and that is subject to some change. But that is an acreage set for the purpose of making an estimate, and anything that can be given the committee can be nothing better than an estimate. We are relying on the provincial and municipal governments to do this year as they have always done in their own interests, to hold the amount down to actual requirements but at the same time to see to it that the province and the municipality are not placed in a difficult position next fall, if they have a crop, in consequence of no seed having been put in the ground this year. They are as anxious to collect tax rates as we are to do the right thing by these people, and we are just as anxious to do the right thing by them as anyone in this committee can be. All that we think it necessary for this committee to do is to keep a proper check to see that money advanced by the people of Canada is not squandered, and to rely on the elected representatives of the people in the province and the municipalities to take care of the needs of the people so far as these total amounts permit of that being done. I think that, having made that check, we have done all that this committee should expect in connection with a matter of this kind.

Mr. DOUGLAS (Weyburn): The bill says, "for purchasing seed grain and providing other assistance to the farmers." I assume the "other assistance" includes what the minister mentioned this afternoon. Could the minister give some statement as to the basis on which fuel would be given? Is it the same ratio as last year?

Mr. GARDINER: Approximately the same.

Mr. BENNETT: The question of price having been adjusted in the manner indicated, perhaps the Minister of Trade and Commerce will give that information before we finally finish with this bill.

The only other question I wish to ask the minister is, how was it arranged that the wheat board should advance its own surplus moneys and borrow moneys to do what under the order in council it is provided that Saskatchewan would do? The statute simply says that Saskatchewan will bear all the incidental costs. I find now that the auditors' reports show that the board have not only exhausted the money they had on deposit, the two millions, and also other moneys, but also borrowed from the banks. Has the government any knowledge of any arrangements by which Saskatchewan thus divested itself of a responsibility which was the basis upon which this government gave them power to go ahead? The order in council is quite explicit on that point. In the order in council of December 15 it is provided:

> . . . that all charges in connection with the handling, such as premiums, storage, transportation and any additional charges will be paid by the Saskatchewan government.

I merely ask for information, because it may become important in respect of the question of price. The report by the auditors of March 19, nine days ago, with respect to the financial side, reading from exhibit A, states that they owe the banks $325,270.53 and the seed and feed account owes them $5,255,701.31. Perhaps the minister can give some information on that point.

Mr. DUNNING: It all arises from the well known fact that Saskatchewan could not finance a transaction of this sort without the guarantee of the federal government.

Mr. BENNETT: It is not the guarantee I am talking about but this money.

Mr. DUNNING: Exactly; but it starts from the fact that the credit of Saskatchewan is not such that it could pay on its own account fourteen or fifteen million dollars to the wheat board. The method by which this parliament dealt with the financing of seed wheat in the last two years was by way of guarantee of the credit of the provinces. That guarantee is not available to the provinces until this parliament enacts it into law. Hence the wheat board, in making the arrangement to accumulate this wheat for those provinces, had to look forward to the possibility of this parliament again acting as it had done in each of the last two years, by providing the requisite credit to enable the provinces to carry out the obligation they were assuming. This government felt sure that this parliament would, by this method, once more give those western plains a chance to grow a crop. The wheat board took our assurances in this regard, and the bill implementing those assurances is now before this committee, to enable the provinces concerned to pay the wheat board for the wheat which it has acquired for them.

Mr. BENNETT: That answers that part of the question, but not the question why they had to borrow money to do things which the province promised to do by the order in council passed by this government, wholly outside the question of the purchase price.

Mr. DUNNING: The purchase price includes all charges; it cannot be separated.

Mr. BENNETT: It seems to read as though they were to treat them as being separate, that is, what was incurred by the board after the purchase was made would be dealt with by Saskatchewan paying these charges. If the minister says that this also is to be borrowed from the banks as part of the money, then I understand it will be included in the $14,000,000 of which the Minister of Agriculture has spoken, part of the purchase price.

Mr. DNNING: Yes.

Mr. BENNETT: Then, assuming that they are going to treat it in that way, the minister pointed out what the price would be to the wheat board; that is, what they would receive. They will receive back the money spent for the purpose of conversion of the options into cash wheat, including any premium paid. They will receive a purchase price on the basis of the average between given dates, as mentioned by the minister. The next question is whether this distribution that is to take place at 1,100 points, involving different freight rates and matters of that sort, would have anything to do with the amount of money received by the wheat board. This committee is interested in what the wheat board receives; what the wheat board should receive should have no relation to these 1,100 points to which wheat is to be shipped.

Mr. DUNNING: The wheat board is disbursing the money necessary to take the wheat to the ultimate points, and must be reimbursed for that by the provinces.

Mr. BENNETT: But that would not have any relation to the purchase price of the

wheat. Suppose they sold the wheat to Dreyfus instead of the government of Saskatchewan, they would get a fixed price, say $1.25 a bushel. What I am asking the minister is whether these subsequent dealings between the board and the province have anything to do with the price that will be received by the board for wheat qua wheat.

Mr. DUNNING: No.

Mr. BENNETT: The minister said something a moment ago which would lead one to believe that it might have.

Mr. DUNNING: There will be merely reimbursement of the expenditures made by the board on behalf of the province, in keeping the wheat the necessary length of time and paying premiums for the purpose of converting cash into options.

Mr. BENNETT: And the purchase price qua wheat will be the average?

Mr. DUNNING: Yes.

Mr. PERLEY: The minister has given us an idea what the price of the wheat may be. Has he an estimate of the price for oats, barley, rye and flax?

Mr. GARDINER: The estimated cost of the wheat is $1.45; seed oats, 70 cents; seed barley, 75 cents; seed rye, $1; seed flax, $1.50; feed oats, 60 cents; fodder, $17. Petroleum products are estimated at $1,250,000; repairs to machinery, about $372,000. That is just in the drought area of 186 municipalities.

Mr. PERLEY: That is an interesting statement. I have a copy of a telegram which was sent to me on February 7, which indicates that this question of the distribution of seed and feed was discussed on the grain exchange, because the telegram is from the grain exchange. The prices quoted at that date are exactly those quoted by the minister now. It seems rather a coincidence that these prices which were quoted on or about January 28 should be exactly the same as those given to-night by the minister, and this telegram also indicates the estimated number of bushels required.

Mr. GARDINER: There is really nothing peculiar about that. Any farmer in western Canada could have given my hon. friend the same prices. That is exactly what we are paying for feed at my own farm, 60 cents a bushel. I paid 58 cents last fall. That is the price all over Saskatchewan, as my hon. friend knows.

Mr. PERLEY: The Minister of Finance mentioned that the price was not yet fixed. Did he mean the price to the farmer, or did he mean that the price was not decided at which they should take this wheat over from the grain interests, the grain firms that have the wheat in the elevators out there? Does the minister mean to indicate that they are taking this wheat and distributing it and it is being seeded, and that there has been no price arrived at or set at which it is to be taken over from the grain companies?

Mr. GARDINER: The question, as I understand it, is as to whether the price spoken of during these discussions, $1.45, is an estimated price to the farmer, and only an estimated price. I have understood all through the discussions, as I think the hon. member for Qu'Appelle has also understood, that this price is to include all the costs of laying the grain down on the farm. It can be only an estimated cost, because as yet the grain has not been laid down. As I said at an earlier point in the discussion, the intention of the provincial government, as far as we know it, is to lay down the grain to all individual farmers at the same price. This, of course, necessitates that they know the actual cost of delivery to these 1,100 points throughout the province before the actual cost to the farmer can be determined. At the moment they have just made an estimate of it, and this government has checked that estimate and is satisfied with it.

Mr. PERLEY: Then there is no definite price arranged so far as the grain firms are concerned?

Mr. GARDINER: The wheat was actually taken over from grain firms. I imagine all, or practically all of it, has been taken over at a certain price, and that price will figure in the final price the farmer pays.

Mr. PERLEY: The minister could not give us that price on the basis of No. 1 northern?

Mr. GARDINER: I would have to get a check on all the wheat taken over since last July. Several million bushels were taken over before the middle of October, and you would have to get all the prices and average them for the term, together with the costs of storage and everything else.

Mr. PERLEY: Could the minister give the minimum or maximum price?

Mr. DOUGLAS (Weyburn): I wonder if the Minister of Agriculture could answer the question I asked a few moments ago, as to the basis of distribution of feed, fuel and repairs to each individual farmer?

Mr. GARDINER: As I understood the question, it was as to what is to be supplied. I think the best way to answer that is to read

the section of the act. Subsection (4) of section 2 of the Municipalities Seed Grain and Supply Act, 1938, of Saskatchewan, reads as follows:

"Supplies" means petroleum products, feed grain, fodder, repairs to implements and parts, repairs to harness, formaldehyde and other smut control compounds and gopher poison, and includes such other commodities and such services as the lieutenant-governor in council may approve.

I think it will be agreed that this covers everything. Section 3 of the Agricultural Relief Advances Act of Alberta reads:

The lieutenant-governor in council may authorize the provincial treasurer, in order to provide for the payment of any expenditures incurred in respect of advances made in pursuance of this act during the year 1936 and during every year thereafter, for the purpose of furnishing to necessitous farmers, all or any of the following commodities, namely seed grain, fodder, feed grain, fuel oil and lubricating oil.

Mr. DOUGLAS (Weyburn): What I had in mind was this. On Friday the minister was good enough to tell us what seed the farmer would get on the basis of the land he had prepared for crop. I wondered if the minister could give us, as was given last year, how much fuel the farmer will get, how much feed he will get, and what amount he will be allowed for repairs on the basis of the amount of land he has available. I have before me what was given last year, and I wondered if the minister could give us any idea of what will be given this year to each farmer on the basis of the amount of land he has already for crop, and whether that will be given over and above the seed allotment already outlined by the minister.

Mr. BENNETT: Before the minister answers, I am going to make a suggestion, along the lines of the observations made by the hon. member for Weyburn. In view of the wide powers conferred upon the lieutenant-governors in council by the provincial statutes, I had thought it might be desirable to say that in no event would the amount advanced for seed purposes exceed a certain number of dollars an acre.

Mr. DUNNING: It is in their law now, $200 a quarter section.

Mr. BENNETT: Is that in the law or the regulations?

Mr. GARDINER: That is in the law.

Mr. BENNETT: That means $1.25 an acre. I asked that because I became a little uncertain about it after the minister told me that part of what he thought was in the statute was in the regulations. He is quite certain that is in the statute?

Mr. GARDINER: Yes; I have it in the statute here.

Mr. ROSS (Moose Jaw): That works out to about $2 an acre for the crop land.

Mr. GARDINER: It is not $1.25 for each acre seeded. There is provision that in certain sized farms the acreage seeded is to be a certain amount, and that figures out closer to $2.

Mr. DOUGLAS (Weyburn): I should like that information from the minister when he can give it.

Mr. GARDINER: Some of this I hesitate to place on the records as definite information. This is a matter which is being dealt with by councils and by the provincial government, and much of what we say here just makes it that much more difficult in the line of administration. I think it unnecessary to say that this government is insisting that one of the other governing bodies should supply so much oil an acre or oil at such and such a cost an acre, thus just making it that much more difficult for the people who are checking up on all these expenditures to do what is just and proper without being involved in undertakings in which we probably should not involve them. I think the best I could do would be to give the estimated figures of what the costs will be, but I do not think we should say things in this chamber which will commit men to make expenditures that probably they think should not be made. If it will satisfy my hon. friend, I might say this, that the estimates with regard to oil and supplies generally will be on approximately the same basis as they were last year, taking the price feature into consideration. But to say that the government under all circumstances, if a man is using an engine, will supply so much oil or so much gasoline in terms of dollars, I think involves those administering the acts in undertakings in which I do not think they should be involved.

Mr. DOUGLAS (Weyburn): I think that is a most unsatisfactory way to meet the situation.

Mr. DUNNING: Oh, oh.

Mr. DOUGLAS (Weyburn): The Minister of Finance may laugh, but last year the provincial government of Saskatchewan circularized the municipalities. They set out, as I read this afternoon, a table, so much wheat, so much barley and so on. Then they went on to estimate the amount of fuel a man would get, so many gallons of distillate an acre, so many gallons of gasoline to so many gallons of distillate, and so on. If it was a good policy last year to lay down a definite basis of distribution, I cannot see why it should be wise

this year to leave the matter surrounded with a haze of mystery. In view of what I pointed out this afternoon in connection with the situation in Saskatchewan, I do not think anything would do more to remove discontent or wrangling within a council, within a municipality or between an individual farmer and an inspector, than for the regulations to state clearly that according to the size of a man's farm and the amount of land he has ready for crop, he will be entitled to a certain amount of seed per acre, to a certain amount of fuel if he is a tractor farmer, to a certain amount of feed and to a certain amount of money for repairs. Otherwise it is inevitable in the distribution that someone will get a few more dollars than someone else.

Mr. McLEAN (Melfort): Rightly so.

Mr. DOUGLAS (Weyburn): Not necessarily.

Mr. McLEAN (Melfort): Would my hon. friend say that everyone should get the same amount of money for repairs, irrespective of what the requirements may be?

Mr. BENNETT: Who is going to settle that?

Mr. ROSS (Moose Jaw): You cannot settle that until you get out there and find out.

Mr. DOUGLAS (Weyburn): There ought to be some basis. If the settlement of this matter is to be left to some person or persons, there will be trouble.

Mr. McLEAN (Melfort): That will be inevitable with some items.

Mr. DOUGLAS (Weyburn): It was not considered inevitable last year when the Saskatchewan government sent out a circular describing the basis of distribution. I think we should proceed with a basis such as that. I am not suggesting that that particular one be used, but certainly something should be agreed upon so that this committee will know that this money is being distributed on a certain basis. We should know that the distribution will be made according to the amount of land ready for cultivation and not according to what some person shall decide what another person ought to have. I think we are providing for discrimination of the very worst sort.

Mr. ROSS (Moose Jaw): I have heard it said that a little knowledge is a dangerous thing, but I think it has been proven to-night that very little knowledge is a very dangerous thing.

Mr. DOUGLAS (Weyburn): The hon. member ought to know.

[Mr. Douglas.]

Mr. ROSS (Moose Jaw): There has been only one member on the opposite side who has spoken who really knows anything about agriculture. I refer to the hon. member for Qu'Appelle. I have been farming in western Canada for some twenty-nine years, and I say right now that I do not yet know how much grain I am going to sow this spring. I cannot know that until I go out there to have a look at the land after the snow is gone in order to see its condition. How can one expect a municipality or an inspector to know definitely how much land will be prepared? The hon. member for Weyburn discusses this matter as though all land had to be cultivated this spring in the same way. It will cost twice as much to work some land as it will to work other land. Some land will take half a bushel more grain per acre than other land. Certainly no one in the provincial government can tell in the middle of the winter what will be the requirements per acre. We have the estimates before us, but they cannot tell nearly as well for a municipality or a provnice as I can for my own farm, and I have no idea at all right now. I do not know whether I shall sow 200 acres more or less of wheat this spring. I cannot know that until I see the condition of the soil and know what work must be done. It is foolish to expect any government to know these things. The government are providing an amount of money which they estimate will be needed for seed in these provinces, and that is the best they can do. The amount provided is a maximum amount, and that is all that can be done at this time.

Mr. DOUGLAS (Weyburn): The hon. member for Moose Jaw makes a great deal out of the fact that only one member on this side who has spoken is a farmer.

Mr. DUPUIS: How much land has the hon. member?

Mr. DOUGLAS (Weyburn): I am not a farmer, but I know a great deal more about an omelette than any hen that has laid an egg.

Mr. ROSS (Moose Jaw): The hon. member can mix things up.

Mr. DOUGLAS (Weyburn): The hon. member takes his own experience as a farmer as the basis for his argument. He forgets that when he returns home he will be able to use more or less seed as he decides, but the majority of people who will be getting seed under this plan will be sowing less land than they would like to sow.

Mr. DUNNING: No.

Mr. ROSS (Moose Jaw): Not necessarily.

Mr. DUPUIS: The minister said it was the minimum.

Mr. DOUGLAS (Weyburn): The fact of the matter is that most farmers will not be getting as much seed as they could use. That is apparent from the schedule the minister gave the other day.

Mr. DONNELLY: In other years they have been sowing a lot of land they should not have sown.

Mr. DOUGLAS (Weyburn): The hon. member for Wood Mountain may know of instances like that, but I do not. The hon. member for Moose Jaw says that some pieces of land may take half a bushel more an acre than others, and that some farmers may require more for repairs. That may be true, but it is necessary to make a survey of the entire district to determine the number of bushels an acre required for this piece of land, the amount of distillate required for this farm and the amount of feed for that? That would be impossible. You will be doing far less harm by drawing up a schedule than by trying to adjust yourself to every contingency to be found in different parts of the province. You say it is nonsense to draw up a schedule, but Saskatchewan drew one up last year. All I am asking is that you return to the practice of last year.

Mr. DUNNING: They will this year.

Mr. DOUGLAS (Weyburn): If they will this year, why is the minister not able to state what it will be? He was able to tell me last year when I asked.

Mr. ROSS (Moose Jaw): A minimum has been set; does the hon. member want us to set a maximum?

Mr. DOUGLAS (Weyburn): I do not know what is the minimum.

Mr. ROSS (Moose Jaw): That information has been given half a dozen times.

Mr. DOUGLAS (Weyburn): What is the minimum amount of distillate a man will get?

Mr. ROSS (Moose Jaw): One tractor will use fifty per cent more distillate than another. How is one going to know how much is necessary?

Mr. DOUGLAS (Weyburn): Is the government going to have its inspectors test out all the tractors by driving them?

Mr. GARDINER: Perhaps I could explain the way in which this is arrived at. It has been known in previous years, and particularly last year, about what the average cost would be for the whole acreage to be seeded in a municipality, or even in a whole province for that matter. The percentage of the land worked with horses and the percentage worked with tractors are fairly well known to the government authorities in both provinces. They estimate that a certain percentage of the crop will be seeded with tractors which will require a certain amount of fuel. A particular farmer will need so many gallons of gasoline and so much oil because he is farming so many acres with a tractor. But to put that into either a regulation or a law would be placing the provincial governments and the municipalities in a much more difficult position than they would be in otherwise. We know this from experience. I think it is much better to make estimates of what the average cost per acre will be; what is the average requirement for repairs; what will be the average amount of oil and gasoline required to operate a tractor; what will be the average amount of feed and fodder required; I think it is much better to arrive at one's conclusions and to set the limits in that way.

Then we can allow those who are closer for purposes of administration to arrive at decisions as to what ought to be done. I am sure that the hon. member for Weyburn will agree that if it is impossible for a municipal council to make the decision, and make it properly, or impossible for an inspector on the ground, no matter how he may be appointed, to make it, it is impossible for us to do it here. You may criticize the methods of appointment of the inspectors and all that; but if the inspector is capable of checking a quarter section of land, and he walks over it and sees its condition and the equipment that is on it, he is in a much better position to state what the amount ought to be than any hon. member, no matter how familiar he may be with agriculture. The best we can do in connection with these matters is to set the maximum amount which can be used for different purposes; to try to get that maximum as near as we can to the actual requirements, based on experience; then to set up the best checking organization we can get and see that the best inspection system is set up, not by ourselves but by others, for we only check that work; and then try to see that none of the money provided is wasted. When we have done that, I think we have done practically all we can do, and I would hesitate to put my opinion either in the form of a regulation or in legislation of this parliament as to how much gasoline should be used to farm a quarter section of land.

Mr. DOUGLAS (Weyburn): Did the minister find it unsatisfactory last year when they suggested one gallon and a half of distillate an acre?

Mr. GARDINER: We have nothing to do with the administration; but passing through Saskatchewan as I did from time to time last summer, I think it was found very difficult in practice, largely because certain individuals take those figures and go out and say, "You did not give this fellow what the law or somebody in the house says he ought to get." That only makes trouble in the administration of the distribution. I would much prefer to check any complaints made afterwards and see that the proper thing is done, if anything improper is done, than for us to do anything now which would make administration more difficult.

Mr. DOUGLAS (Weyburn): I submit that you will have a great deal more trouble in this way if an inspector decides that of two farmers living across the road from each other one shall have a certain amount of fuel or a certain amount for repairs, and the other man something different. You will have far more trouble in that way than in what I am suggesting. I am quite aware that you will have a differentiation in types of soil and in conditions, and hardships might be worked on that account; but there will be a great deal more dissatisfaction and a great deal more quibbling done when you leave the whole matter to the individual judgment of some man who, if he is human, is bound to make mistakes and to have his interests, his influences and his likes interfere with his judgment.

One more question. The minister said this afternoon that feed and fuel would not be deducted from the amount of seed the man could get under the schedule. Does that apply also to repairs?

Mr. GARDINER: Feed and fodder, and oil and gasoline and repairs have no necessary connection with the seed a man gets. A man gets so much seed because he needs it. If a man's implements are new and he needs no repairs, he will not get any repairs. If he has sufficient feed left over from the winter to carry him over, he will not get any feed. All these are matters that come into the inspection on the ground. That is why I say it is extremely difficult for us here to make these decisions. They can be better made by the elected representatives of the people living right out in the community, they being checked by other individuals who do not live in the community, and they, in turn, if any complaints are made, being checked by men sent out by our department.

[Mr. Gardiner.]

Mr. DOUGLAS (Weyburn): I raise the point only because it has been rife in Saskatchewan that a man would be allowed a maximum of seed for 250 acres, and that if he required repairs, the cost of the repairs would be deducted from the amount of seed he could get.

Mr. GARDINER: No.

Mr. DOUGLAS (Weyburn): I am glad to hear that.

Mr. COLDWELL: The definition of repairs is sufficiently wide this year, I take it, to allow of ordinary repairs being made at the local blacksmith's shop.

Mr. GARDINER: Oh, yes, in actual practice. I might say in reply to what the hon. member for Weyburn has just said, that there is a limit on repairs, but it is only a limit of five per cent of the total credit.

Mr. BENNETT: The total credit is $200?

Mr. GARDINER: No; $200 a quarter section.

Mr. BENNETT: That is what I mean.

Mr. GARDINER: If a man is farming 320 acres, it is twice that.

Mr. BENNETT: Suppose he has 250 acres, scattered over six quarter sections; would he get $1,200? That is one of my difficulties.

Mr. GARDINER: That is limited by the 250 acre provision, if that is in the regulations this year. I assume it would not be higher than three hundred.

Mr. DOUGLAS (Weyburn): Did the minister say five per cent?

Mr. GARDINER: Yes.

Mr. DOUGLAS (Weyburn): That would be $10 on a $200 credit?

Mr. GARDINER: Yes.

Mr. DOUGLAS (Weyburn): That would not be a very large amount for repairs.

Mr. BENNETT: I must say I think this is terribly loose legislation. Just look at it for a moment, and think what we are doing. I, of course, realize the severity of the criticism of the hon. member for Moose Jaw, but it does not deter me from carrying out what I conceive to be my duty.

Mr. ROSS (Moose Jaw): I was not speaking of the right hon. gentleman at that time.

Mr. BENNETT: It is a great thing to be able to farm on the stock exchange. I cannot recall any such loose legislation as this since I have been in the house.

Mr. DUNNING: It has passed the house in two successive sessions.

Mr. BENNETT: But the situation seems to be so much worse than it has ever been before. The language here I realize is not different from what it has been on other occasions, but what concerns me is where it leads to in the light of what has been said this evening. Is the federal government to have inspectors, and, if so, how many? How many inspectors is the provincial government going to have, and what is their relation pending a provincial election?

Mr. GARDINER: The federal government have had inspectors for the past three seasons to check the feed and fodder put out and to check the requirements for seed. The number employed this year as of the particular date on which the answer was given the other day in reply to a question asked by the hon. member for Qu'Appelle, was, I think, in the neighbourhood of thirty.

Mr. PERLEY: Twenty odd.

Mr. GARDINER: I think it was twenty-nine. That is not the highest number we have had at any date, the highest number being thirty-five, but on the date on which the question was asked the number was twenty-nine. The numbers will not likely be increased beyond that.

Mr. BENNETT: I think everyone who has been following the discussion this evening will agree that our country is in a sad plight. No one could listen to what has been said here to-night without realizing how serious the situation must be. What we are doing is saying that we shall find, first of all, the seed for 250 acres in necessitous cases; second, that we shall find the feed and the fodder for the horses, if horses are used; third, that we shall find repairs for the engine, and fuel, distillate or gasoline, and that we shall find the lubricants. We are going to find everything that may be necessary for the purpose of enabling the crop to be put in. The maximum is $200 for each quarter section, but the area of 250 acres may be scattered over many quarter sections. When I put the case to the minister a moment ago of the possibility of a man getting $400, he said that might be; but as regards the man who has 80 acres fit to crop on the 160 acres, what is the sliding scale on a quarter section; what is the maximum if he has only a quarter, if he can sow 70 or 80 per cent?

Mr. DUNNING: Sixty per cent of the cultivated portion.

Mr. BENNETT: If he has a quarter section of land all of which in times past has been cultivated, 96 acres can be put down to wheat, and then he can get $200. But if 50 acres of that is on one quarter section and 46 acres on the other quarter section, he gets $400, on the basis of the statement made here to-night.

Mr. DUNNING: No.

Mr. BENNETT: Well, but why not?

Mr. DUNNING: He is restricted still by the number of bushels per acre for the land he seeds. That is the other restriction.

Mr. BENNETT: Yes; he is restricted as to the number, but I am talking about the repairs and the feed and fodder. The limit is $200 for each quarter section?

Mr. DUNNING: Including the seed.

Mr. BENNETT: Well, I asked if that included the seed.

Mr. GARDINER: It includes everything.

Mr. DUNNING: That is the outside limit of everything.

Mr. GARDINER: Perhaps I had better read section 10, which clears the matter up:

> A municipality which has borrowed money under this act shall from time to time expend it in the purchase and distribution of seed grain and supplies to be furnished to farmers who are unable to purchase the same without assistance and who have become unable to do so by reason of failure of crops or other adverse conditions; but the municipality shall not advance in any year seed grain and supplies of greater value than $200 in respect of any one quarter section.

That is the maximum limit for any one quarter section.

Mr. BENNETT: In the case of oats and rye the situation would be different from that in the case of wheat.

Mr. STIRLING: What is the total amount of money which the dominion government has guaranteed and which it has to meet?

Mr. DUNNING: I gave that the other day.

Mr. STIRLING: It is on Hansard?

Mr. DUNNING: I have it, but it is on Hansard. I gave it on the resolution.

Mr. BENNETT: I am not deterred from doing what I conceive to be my duty by the criticism that I am not a farmer; I am dealing with legislation only as such. Might it not be desirable to incorporate in the statute the regulations that at the moment are purely regulations? Shortly put, the only protection we have here with respect to either of these provinces is the maximum of the amount we may guarantee.

Mr. DUNNING: It must be used for certain purposes.

Mr. BENNETT: We are not going to have control of that. That is my whole point. You start with the municipality. The Minister of Agriculture has dwelt upon the desirability of including the municipality because of the knowledge they have of local conditions. But, while the Minister of Finance is the custodian of the country's money, the bald fact is that the amounts of $1,900,000 for Alberta and $14,500,000 for Saskatchewan constitute the only limitation imposed in connection with this whole matter. You can think it over as carefully as you may. I have been sitting here for the last fifteen minutes going over it as carefully as I can.

Mr. DUNNING: The terms of the statute are fairly explicit.

Mr. BENNETT: I know. But the provincial statute has been worked out by the people on the spot. What we thought of as a statute is purely regulation, and the government is introduced as one of the bodies that determine the matter, but as far as the Dominion of Canada and its taxpayers are concerned the only limitations imposed on our liability are those two amounts of $1,900,000 and $14,500,000. That is the reason why I started out with the idea that we should endeavour to impose some limitation in the way of conditions in the statute itself and make it a criminal offence to endeavour to violate it, because in communities there are rackets that arise which one little expects. I could give day and date with respect to some that have occurred in all parts of the country. We have them in every province; we all know that. All one has to do is to take the reports which come in sometimes from the mounted police, and one can find out without much difficulty what happens in some of these communities. No one for a moment questions the honesty of the great majority of the people. But when one is dealing with something which belongs to a government, the rule of conduct is not the same. I do not see sufficient safeguards in the legislation. However, I am not going to labour the matter further.

Section agreed to.

On section 4—Governor in council to approve form and terms of guarantees.

Mr. STIRLING: Would the minister be good enough to repeat that figure—I have been looking through his statements of the other day and I do not find it—with respect to the total amount of guarantees over the seven or eight years during which the dominion government has made those guarantees.

[Mr. Dunning.]

Mr. DUNNING: Well, the guarantee method was applied only in 1936 and 1937. Prior to that time the government lent money to the province and the province bought the seed with the money lent to it by the federal government of that day. I assume my hon. friend does not wish me to go back that far.

Mr. STIRLING: What I wanted to arrive at, even though it was only in the form of a rough figure, is what has it cost Canada to assist the farmers of the drought area on to their feet again?

Mr. DUNNING: The hon. member means for the whole period, regardless of the method?

Mr. STIRLING: Has the minister any idea of the total?

Mr. DUNNING: With respect to seed, or everything?

Mr. STIRLING: Seed.

Mr. DUNNING: I shall give a brief statement with reference to it. In 1932-33 Manitoba got $600,000 by way of loan from the dominion government. Saskatchewan in the same year got $6,000,000 and Alberta, $140,000. In 1933-34—these are still loans to the governments, remember—Manitoba got for relief in the drought area, including seed grain, $250,000. There was nothing for Saskatchewan or Alberta in that year. In 1934-35 Manitoba got $225,000 for relief in the drought area, including seed grain; Saskatchewan got $3,000,000 for seed grain, and by way of specific loans to pay relief, feed and seed accounts on hand July 31, 1934, to 31st August, 1935, $4,500,000. Alberta in the same year got $2,095,000 for assistance in seed grain and seeding operations. In 1935-36 Manitoba received $408,000 under similar conditions to those previously related; Saskatchewan, $6,000,000, and Alberta, $1,100,000. The totals up ot that date, because that was the last year in which the direct loan policy was followed, are: Manitoba, less repayments, $1,106,000; Saskatchewan, less repayments, $18,900,000; and Alberta less repayments, $3,195,000.

It will be noted that some of these are not wholly for seed grain; there were years in which seed grain and relief were more or less run together. These amounts that I have indicated were, of course, affected to some degree by the write-offs authorized a year ago over loans generally in that year. But with respect to our guarantees which have been given, no losses have been paid by the dominion up to now. That is because the dominion's responsibility does not become enforceable until there have been three crops,

including the crop sown, and that has not occurred as yet. Therefore, under the guarantees it cannot be said yet what our ultimate loss will be. It will be remembered that when I first suggested this type of legislation to the house two years ago, I related the satisfactory experience which Saskatchewan had had with the guarantee method as compared with the direct loan method over the years in the past. Where you have the guarantee method with the machinery of the municipality and of the bank helping you to collect, the experience during the years in which the credit of that province was good, when the province did not have to come to the dominion at all for supplementary credit, was that the great bulk of such seed grain loans were repaid under the guarantee method. Of course, we have not the conditions to deal with that have prevailed in 1936 and 1937.

Mr. CHURCH: As I understand it, the seed will be given through the municipalities, the province guaranteeing the municipality and the dominion guaranteeing the province, in this case to the banks, in an amount of some $14,500,000. What I want to know is why, in the matter of seed, the same principle is not followed as in connection with relief. In the distribution of relief the Minister of Labour does not deal with the municipalities. Why utilize a quasi-political body like the governor in council? Why not use Mr. Purvis, former head of the employment commission, who was selected by the Minister of Labour and was the representative of the duPont dynasty in Canada. The Globe and Mail is evidently trying to unload him on our party as leader so as to make our party, as it were, merely an adjunct of the duPont dynasty of America, and we are not going to become any such thing. I submit that there should be a principle behind every vote. Why should we deal differently with Saskatchewan and Alberta and let the farmers deal directly with the municipalities? Why should the Ontario government not deal directly with the mayors in relief matters, as in this Bill No. 78, instead of having the municipalities deal with and through the province? There is a principle involved, and I submit the proposed method is unfair. The same principle should apply in all the provinces on all relief measures.

Mr. PERLEY: I should like the minister to look into the question of power. I think it would be advisable to discuss this matter with the provincial government, because there is no question about a shortage of power. I have heard the statement made by the superintendent of one of the experimental farms in the west, that 40,000 horses which had been shipped to eastern Canada in the winter would not come back. That will deplete the horse power in the province to a considerable extent. The question is a serious one, and I hope the ministers will take it up with the provincial authorities and that more assistance will be given than is provided for under the legislation as it stands.

Section agreed to.

On section 5—Terms of guarantee.

Mr. DOUGLAS (Weyburn): In outlining the regulations the Minister of Agriculture said that a committee of the cabinet and an inspector for the district would determine the amount of seed grain to be advanced. Who will have the final veto? The municipal council will receive applications from a number of farmers and those applications will be forwarded to the committee who will sit in with the inspector from that particular district. If it is decided that the amount is too much, will the reduction be made on a percentage basis or will the individual applications be reviewed and reductions made where deemed advisable? The minister said that six men in a municipal council were in a better position to know the farmer's needs than we were in this house. I have heard that before, but often the municipal council's decision is vetoed by someone else. I know, of course, that there must be some control; but I should like to know where the veto will lie, and whether the final decision will cover the total advanced to the municipalities or whether individual cases will be considered.

Mr. GARDINER: That is entirely a matter of provincial administration, and anything that I may say with regard to it cannot be at all conclusive. The practice is for farmers to apply to the secretary of the municipality, and when the council meets the applications are submitted and discussed by the committee who know the conditions. The applications are submitted either to the whole council or to a committee of the council and to the representative of the government, who will be this inspector spoken of here, and he reports back to Regina with regard to the matter. He makes his own check, and the decision is usually reached as a matter of agreement between the province and the municipality in exactly the same way as we reach an agreement with the provinces. They

discuss the matter from all points of view and decide upon the total amount to take care of the municipality.

Mr. DOUGLAS (Weyburn): Will the inspector be the final authority on the question as to what a certain farmer shall have, or by what amount his allotment shall be cut down?

Mr. GARDINER: In 99 cases out of 100 they will agree that there is no final authority.

Mr. DOUGLAS (Weyburn): Some of the councils do not feel that way.

Mr. BENNETT: Why does the minister put paragraph (ii) in this form? We are dealing with our own guarantee, and I should have thought we would have said that we are not going to give a guarantee for any liability which accrues prior to three years from the date the guarantee is given to the province. The conditions under which our obligation attaches under the second sub-paragraph of section 5 make it referable entirely to the provinces. I should have thought the minister would have said that our guarantee should not become effective until three years after the date of the payment by the banks, because it is covered by the agreement. We introduce into this bill a provision that it does not prevent the province from making voluntary payments from time to time before the expiration of the three years. What have we to do with that? Obviously any money the provinces pay, so much the better for us. The whole fabric is based on a different appreciation of the transaction that I have. We, the federal power, are not concerned about their condition; all we should say would be that our guarantee would not attach until three years after the date in any event when the payments were made by the bank.

Mr. DUNNING: I speak with bated breath about the part of section 5 to which my right hon. friend refers, because nothing has had more microscopic attention on the part of eminent legal counsel than this section, in order to ensure that the liability of the province and that of the government of Canada shall be separate and successive, and not joint—

Mr. BENNETT: That is clear.

Mr. DUNNING: —and, second, that we shall not give a dominion guarantee except in cases where the province has arranged that it shall have three years before its liability is enforced.

Mr. BENNETT: That is where we differ.

[Mr. Gardiner.]

Mr. DUNNING: With all respect I can only say that that is as I am advised.

Mr. BENNETT: I do not want to question the law officers, but I have seen some fearful and wonderful products occasionally. This undoubtedly makes the province the determining factor. I refer particularly to that part which provides that the province shall not be prevented from making payments from time to time. What have we to do with that? All we have to say is the second condition, that no liability shall accrue under our guarantee until the expiration of three years from the date of the advance.

Mr. DUNNING: With deference I think my right hon. friend is missing one point, namely, that there is to be a provision forbidding me as Minister of Finance to sign a guarantee unless the guarantee given by the province has the three year leeway. My right hon. friend will see that if the government could be required by the banks to pay in advance of the expiry of the three year period, that would create an obligation which the dominion government, if not under the terms of this legislation, at least for the sake of the credit of the country, would have to meet. So we endeavour to take care of it by saying that the Minister of Finance must not give the guarantee of the dominion unless he is sure that the province which is being guaranteed will not be required by its creditor to pay until three years from the date of the advance. That is really the intention. Then, in order to provide for the possibility of the province paying sums voluntarily in advance of requirement, the exception is made. Of course we are very anxious to have them do that.

Mr. BENNETT: I merely say that the minister has much greater confidence in the provinces when he is dealing with the distribution of seed and oil and feed than when they are making a bargain with the banks. If the provinces have not intelligence enough to make the bargain that you say they have to make before you will give your guarantee, I have not that measure of confidence as to the other things which have been said here tonight with respect to the distribution of seed, oil, etc., because the provinces have to make that bargain, not we.

Mr. DUNNING: But we refuse to come in unless it is a particular kind of bargain.

Mr. BENNETT: Well, this may be the way to do it.

Section agreed to.

On section 7—When province deemed unable to fulfil its guarantee.

Mr. BENNETT: That is an extraordinary clause. Surely the Prime Minister was not present in council when this bill was passed. Look at what the governor in council is going to do. He is going to decide that Saskatchewan is unable to pay its debts.

Mr. DUNNING: The colleague of my right hon. friend, the hon. member for St. Lawrence-St. George, last year raised the point in connection with similar legislation to this in connection with the words in section 5, paragraph (i), "that the province is unable to fulfil its guarantee." He prophesied that such words would be completely unsatisfactory to the banks. He said there must be some means of defining when inability on the part of the province arises. We have tried to meet that point, because I may say the banks took the hint and did advance legal doubts as to the position. We have tried to meet the difficulty by section 7.

Mr. BENNETT: I should say it makes it possible to attach an entirely different meaning to the words "inability to pay." The way in which it has been expressed is that the governor in council may by order, not define what is inability to pay, but define the circumstances under which the province shall be conclusively deemed unable to pay.

Mr. DUNNING: There were a number of headaches over that.

Section agreed to.

On section 8—Orders and regulations.

Mr. BENNETT: Should we not say, as was often pointed out here, "not inconsistent with this act"? Some question was raised when we were on that side of the house and you were on this side regarding that. "To carry out the purposes and intention," I think should be limited by the words, "not inconsistent with the provisions of this act."

Mr. DUNNING: It is just the same as it was before.

Section agreed to.

Bill reported.

Mr. DUNNING moved the third reading of the bill.

Mr. BENNETT: Would the minister undertake that the file dealing with the report made by the Minister of Trade and Commerce, who is just now out of the chamber, will be made available for us to read? In all conscience what we should do is read that file before the bill has third reading; but in view of the urgency of the matter, I shall be content if I have an opportunity to look over these telegrams and correspondence.

Mr. DUNNING: I shall be glad to call the attention of the Minister of Trade and Commerce to the necessity of bringing down all correspondence leading up to the order in council to which my right hon. friend refers.

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

On motion of Mr. Mackenzie King the house adjourned at 10.53 p.m.

Tuesday, March 29, 1938

The house met at three o'clock.

RAILWAYS AND SHIPPING

REFERENCE OF ANNUAL REPORTS AND RAILWAY ESTIMATES TO STANDING COMMITTEE

Hon. C. D. HOWE (Minister of Transport): Mr. Speaker, I desire to lay on the table the annual report of the Canadian National Railways for the year ended December 31, 1937; the annual report of the Canadian National (West Indies) Steamships, Limited, for the year ended December 31, 1937; the report to parliament of George A. Touche and Company, auditors of the accounts of the Canadian National Railway system, for the year ended December 31, 1937, and the annual report of the Canadian National Securities Trust for the year ended December 31, 1937.

These annual reports, together with the railway estimates, will be referred to the standing committee on railways and shipping. With the unanimous consent of the house, Mr. Speaker, I now move:

That the resolution passed by the house on February 11, 1938, referring the following estimates to the committee of supply, be rescinded, and that the said estimates be now referred to the standing committee on railways and shipping:

Vote 427—Maritime Freight Rates Act, Canadian National Railways Eastern lines, 20 per cent reduction in tolls, $2,278,000.

Vote 428—Maritime Freight Rates Act, railways other than Canadian National Railways, 20 per cent reduction in tolls, $860,000.

Vote 437—Prince Edward Island car ferry and terminals, capital construction and improvements, $35,000.

Vote 438—Canadian National (West Indies) Steamships, Limited, capital advances, $24,000.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I think on reflection the minister will be inclined to withdraw his motion in so far as it affects

at least two of the votes he mentions. As to the first two, we have passed a statute by which a twenty per cent reduction in tolls is to be made in respect of the government road as well as other railways, and that obligation we cannot lessen or increase unless by statutory authority. It is merely a matter of computation. I should think therefore that votes 427 and 428 would not be referred to the special committee, because they represent a commitment that we cannot avoid. The item with respect to the car ferry is really a part of the accounts of the Canadian National and was so dealt with until the representatives of the island and all parties were insistent that there should be separate accounts of the island ferry. Inasmuch as the item of $35,000 which covers capital expenditures would be in the ordinary course money that has to be found by the country—perhaps more, perhaps less, depending on circumstances—I think that properly should be referred to the committee, and the same applies to vote 438. I am inclined to think the Department of Justice would advise the minister that the first two items are such that the committee cannot exercise any authority over them.

Mr. HOWE: With reference to the two statutory items, it has been the custom to refer them to the special committee. There has frequently been a good deal of interest on the part of the committee in how the accounts are made up. We have on occasion called Mr. Campbell, of the railway board, whose particular function it is to make up these accounts, to explain them to the committee, and I believe that under the circumstances the committee will be interested in examining those two items.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

REPORTED LAY-OFF OF 350 EMPLOYEES AT POINTE ST. CHARLES SHOPS

On the orders of the day:

Mr. E. J. WERMENLINGER (Verdun): May I ask the Minister of Transport (Mr. Howe) a question? If, according to to-day's news. three hundred and fifty employees of the Canadian National Railways are to be laid off at Pointe St. Charles shops, St. Ann's constituency, on Thursday of this week, is this not a contradiction of the explanation given to the house last week?

Some hon. MEMBERS: Order.

Mr. WERMENLINGER: It was supposed that there was to be an agreement between the heads of the unions and the transport board. There is to be a general convention of railway employees—

Some hon. MEMBERS: Order.

Mr. WERMENLINGER: —in Vancouver.

Mr. SPEAKER: Order. I must inform the hon. member that he cannot make a speech, but must confine himself to putting his question.

Mr. WERMENLINGER: I ask the Minister of Transport to give us an explanation why three hundred and fifty men of the Canadian National Railways shops are being laid off on Thursday of this week.

Hon. C. D. HOWE (Minister of Transport): The reason for the reduction in shop forces is, of course, the lack of work to keep the number of shop men now employed at work. The management of the railway and the heads of the unions are coming to my office tomorrow to discuss procedure. Pending that discussion, I can add nothing to what I have said before.

DUTCH ONIONS

INQUIRY AS TO IMPOSITION OF DUMPING DUTY ON IMPORTATIONS

On the orders of the day:

Mr. F. C. BETTS (London): Will the Minister of National Revenue (Mr. Ilsley) state whether, in view of the very grave threat to the onion growers of Canada arising from the fact that the Canadian market is being flooded with a huge surplus of Dutch sets of onions that are being offered at as low a figure as one and a half cents per pound, and in view of the further fact that if any relief is to be afforded there must be immediate action by the government, the government has yet decided to impose the dumping duty, as was done in the spring of 1931?

Hon. J. L. ILSLEY (Minister of National Revenue): The responsibility is not that of the governor in council but of the Minister of National Revenue, and the matter has been fully considered. It was discovered upon investigation that seventy-five per cent of the stocks of onion sets now in Canada are not in the hands of farmers or growers of onion sets but in the hands of dealers; and, as the effect of a dumping duty would be to benefit the dealers rather than the growers, and as the persons who would be injured would be farmers who are purchasing onion sets, it is not deemed advisable to impose a fixed valuation for duty purposes.

SUPPLY

USE OF CANADA'S FINANCIAL RESOURCES FOR ELIMINATION OF POVERTY—AMENDMENT OF MR. BLACKMORE AND SUBAMENDMENT OF MR. BENNETT

The house resumed from Tuesday, March 22, consideration of the motion of Mr. Dunning for committee of supply, and the amendment thereto of Mr. Blackmore.

Right Hon. R. B. BENNETT (Leader of the Opposition): I do not know whether this is the third or the fourth time on which I have had a few observations to make upon this motion. Apparently the time available at any one sitting was not very long.

In view of the observations made the other day by the Minister of Finance (Mr. Dunning) I should now like to direct attention to the problem of international payments and their effect upon our general monetary position. It will be recalled, perhaps, that in this country during the last few years we have had a good deal of difficulty with respect to exchange, and we have had discussions on more than one occasion with respect to favourable and unfavourable balances.

International balances consist, of course, of visible and invisible items. We refer to the visible items generally as commodity balances, and we now include in commodity balances gold, it being no longer part of our standard but merely a commodity. On the other hand the interest we pay abroad, the freights we pay, the insurance premiums, royalties on moving pictures, dividends, and all matters of the kind constitute the invisible outflow of money from this country.

In 1926 we had reached the point in the development of our trade where a substantial favourable balance was indicated. We had 275·6 millions in our favour at the end of the year, and we had an additional 31·5 millions with respect to gold. We had also an item which we cannot consider too carefully, namely the tourist trade, which consists of the amount of money left by tourists in this country; and had it not been for that item during the last ten years our position on more than one occasion would have been one of extreme difficulty. In 1926 the tourist trade amounted to 102·5 millions. The total of all these accounts during the year 1926 amounted to 409·6 millions. Against that we had an adverse balance with respect to freight, shipping, also insurance, royalties and dividends and matters of that kind, and we had to make net interest and dividend payments amounting to 201 millions. So that after we deducted that from our favourable balances we had left a favourable international balance of 189·1 millions, which we are told would be represented by the movement of that much capital out of this country for investment elsewhere.

In 1927 our commodity balance—that is, the goods we export and import—had fallen to 138·9 millions. Our gold had risen to 25·5 millions and tourist expenditures left in Canada amounted to 129·8 millions, a total of 294·2 millions. That year our interest and dividend payments amounted to almost as much as the previous year, but our favourable balance amounted only to 63·2 millions. Now that in itself, I submit, in view of what is happening in the country at the moment, indicates a condition to which any government should pay the closest attention having regard to the circumstance that England has recently been directing attention to a similar significant fact in her own economy. In 1928 our trade on commodities was favourable to the extent of 131 millions. Gold had risen to 89·2 millions, and the tourist expenditure stood at the very substantial sum of 167·7 millions making a total in our favour of 387·9 millions. But again, there were payments in respect of freights on shipping insurance and the like, and in addition, dividends and interest, and these stood at the very large sum of 221 millions, so that our favourable balance was 131·7 millions, nearly twice that of the preceding year.

In 1929, and I can recall the circumstance very vividly, as many hon. members no doubt will, during the discussions in parliament it seemed to some of us at least that the danger signals were waving. There are differing views in this regard; if there were not there would be no political parties. At any rate we believed that these matters were of serious moment, and we find that our commodity account showed an adverse balance of 131·3 millions; that is to say, our imports exceeded our exports that year—commodity exports—by 131·3 millions. And it will perhaps be within the memory of some hon. members from western Canada that that was the year the Winnipeg Free Press so strenuously advocated the farmers holding their wheat and not being misled by Argentine sales and prices. Further, also, it will no doubt be recalled that in the succeeding speech from the throne it was pointed out that we had in hand practically the last year's crop.

Now that is important because it contributed, of course, to the adverse commodity balance. Then, before taking care of all these matters, we had the following points to con-

sider. First, we had a gold balance, favourable, of 74·5 millions; our tourist expenditures had risen to the very large sum of 187·8 millions; but we had to pay that year, as well as freight insurance and the like, interest and dividends, 260 millions odd; so that on all our accounts we had 195·8 millions of an adverse balance.

That is an important fact and one which I think cannot readily be overlooked in view of existing conditions; indeed, if it were not for that fact I perhaps would not feel that I was warranted in taking up the time of the house at the moment to direct attention to the matter.

Then we come to the year 1930. It might be said that our friends opposite were in power during the whole of that year, from the point of view of the figures, although they went out of office during the last half of the year. That year we had a total adverse commodity balance of 122·1 millions. Gold had fallen 2·7 millions and the tourist expenditure—I direct attention to this very significant factor —was still at the high figure of 178·8 millions. The payments that we had to make outside of this country rose to 288·6 millions and on balance we had an adverse showing of 286·5 millions.

Remember that long before the stock boom had collapsed international security was no longer what it once had been, and investors throughout the world became apprehensive of all their foreign holdings. That, therefore, is some explanation of the condition that then arose. Bear in mind also that in 1930, at the end of the year, this country had an international adverse balance of 286·5 millions. I said, and I believe my hon. friends opposite will agree, that that was a significant fact with respect to the depression that was upon us. But the danger signals had been flying in 1929. They continued to fly in 1930 and matters became so acute in that year that there developed the situation to which I have directed attention, wherein there was an adverse balance of 286·5 millions. Confronted with that situation, what did we face? Such a situation, unless it is arrested, means national bankruptcy; there can be no gainsaying that, and no one attempts to deny it. I suppose that most hon. members of this house realize the discussions that took place in England in that connection. She was having a continued adverse trade balance notwithstanding the vast interest payments that were coming to her from investments abroad; and that is why economists there were agreed on the question of raising tariffs.

We come now to the year 1931. Things were very bad but we had reduced our commodity trade balance to the small figure of 17·4 millions. Our gold item had gone up to 90·1 millions and our tourist expenditure still stood at the large figure of 174·4 millions. I point out that this tourist item has been the one thing that has been of such value to us during all these years in relation to our international trade balance. As I say, it amounted in that year to 174·4 millions and the gold item was only 90 millions. So that one gets some idea of what the tourist trade has meant to this country. After taking the gold and the tourist trade and allowing therefor, we find that we had to provide for payments abroad the large sum of 279·8 millions, and after the balance was taken between the two, visible and invisible, we found that we had reduced our balance, still adverse, to 78·3 millions, an improvement of over 200 millions over the previous year.

I am not going to discuss here at length the reasons why that was brought about, but it was brought about by the imposition of dumping duties for one thing, and, of course, the tariff that we passed as an emergency measure in the fall of that year. I point out these two factors because they are of tremendous importance in view of the international situation at the present moment. I also point out that in the fall of 1931 Great Britain went off the gold standard. England had gone on the gold standard in 1925 or 1926, too soon after the war, some people thought. In the fall of 1931 the gold in the Bank of England was exhausted and she went off the gold standard and passed a statute indemnifying the Bank of England for what had been done during the Friday and Saturday when they should not have carried on their operations owing to the depleted state of their gold.

Now we come to 1932. In that year we had a favourable commodity balance of 73·7 millions. We had gold that year of 73·1 millions, and our tourist income, although it was dropping, still retained its vigour to the extent of 155 millions. In other words, it was more than twice the value of the gold which we had available to correct our adverse position. Again we find that we had been able, by the financial action taken, to reduce somewhat the extent of the payments we had to make abroad. That year interest and dividends were against us to the extent of 261·8 millions. So that when the balance was finally struck we found that we had reduced the adverse balance to the trifing sum of 22·3 millions.

In that year the empire trade agreements were initiated and came into effect. We entered on the year 1933 with much more confidence than we had had in the preceding year. In that year our favourable commodity balance stood at 146·6 millions; gold had risen to 87·8 millions. The tourist income had dropped to 66·2 millions. Altogether these items made up 300 millions in our favour. Then we turn to the external payments for interest, freight, royalties, etc.; that year, by the operations carried on, interest and dividends were 224·3 millions. We then found ourselves not only out of the red but with a credit balance that amounted to 20 millions. That represented the culmination of efforts that commenced in 1930 and had been carried on—the Minister of Finance says not with much vigour, but our opponents of those days used to say with too much vigour—with all the vigour at our command at any rate, utilizing the machinery of tariffs and dumping duties and everything we could command by legislation and otherwise for the purpose of restoring our position in the international world.

In 1934 we increased our commodity balance, that is of exports over imports, to 148·1 millions. Gold now had risen to 109·6 millions. Tourist income was a little better than the year before, at 82·4 millions, making a total with respect to these items of 340·1 millions. By the operation of our reduction of interest rates, and of course, I am sorry to say, by the diminution of dividends that our enterprises were paying abroad, representing investments of nearly $7,000,000,000 of United States capital in this country, we found that our payments abroad had been reduced to 211·6 millions. So that we finished the year with a favourable balance on visible and invisible items of 74·8 millions. That was the year in which you might say we definitely began to show an upward movement in the curve of return to prosperity. The lowest level was in 1933, then it began slowly to go up, as pointed out by the banks in their returns.

In 1935 we had a total favourable commodity balance amounting to 192·7 millions; gold had risen to 116·7 millions, with tourist income once more improving, so that in that year we had 123·2 millions from tourist expenditures, making a grand total of those three items of 432·6 millions. Here again we find interest and dividend requirements lessening; in that year they amounted to only 208·6 millions. In 1935 therefore we had a favourable visible and invisible balance on international account of 180·9 millions.

Compare that with the situation that was left us as a legacy in 1930. If the student of affairs is concerned to look for analogies, look at the condition of this country to-day. What is the position? The figures show that last month our exports to the United States fell from 36 to 17 as compared with the preceding month. That is a significant fact, and it marks exactly what took place in 1929 and 1930. To-day our exports are diminishing, our imports increasing. We met the situation with our dumping duties and emergency tariff, and I suggest that with these danger signals flying it is the duty of the government to take some cognizance of the situation and prepare us against that day which is fast upon us. In making that observation I am merely recording views which find expression not here only, but in every part of the world. Everyone in the world realizes what these dangers and difficulties are.

Mr. ILSLEY: The right hon. gentleman does not suggest that we had prosperity when he had these high trade barriers, between 1930 and 1935, does he?

Mr. BENNETT: I suggest just what I said a moment ago, that by reason of the action which was taken, prosperity had begun in this country in the latter part of 1933; it continued upward in 1934, 1935 and 1936, and in 1937 it stopped sharply. I suggest that prosperity did not come in a single day or a single year. Depression did not come in a single day or a single year. I again point out to the minister that, cognizant of these conditions, realizing that these adverse balances were rolling up against us, we adopted the only methods to which we had recourse to meet them, and accomplished the purpose we had in mind. And more; we not only accomplished it, but we obtained from the manufacturers of this country their undertaking that they would not raise their prices except in respect of increased costs of raw materials. They kept their word, with but one single exception of which I know, and the consumer did not pay. To add the tariff to the cost of goods for the purpose of showing the incidents of the tariff between these years is entirely beside the question and wholly wrong.

Let us look at 1936. A new government came into office; and the Minister of Finance talks about the vigour with which it acted. Show me what was done in 1936 that was not merely maintaining what was done between 1930 and 1935. Did your excise tax remain at three per cent? Is it there yet? Did your tariff duties remain where they were before, except with respect to United States

items? And with regard to the United States tariffs remember it was a Republican tariff, the highest tariff the United States ever had. It was not a Democratic tariff. Instead of reducing their tariff by legislation they provided that the president should have power to make treaty agreements, for what purpose? For the purpose of extending favoured nation treatment, to all the nations of the world if you will, but the amount of reduction could be only fifty per cent and no more. Fifty per cent of that ad valorem tariff was fifty per cent of an average of almost forty-five per cent; fifty per cent of the whole, adding the ad valorem to the specific, meant fifty per cent of sixty per cent, the highest tariff in the world. That was what it meant; that is what it means. And more; under that agreement he could not make a free item dutiable or a dutiable item free. Congress would not authorize him to do so, and congress placed a limitation on the period over which these agreements were to extend. That is why we have quotas. That is why I objected in this house, and our friends objected. That is why we will continue to object to an agreement that imposes a quota upon the exportation to a market of 125,000,000 from a market of 11,000,000, when they have free entry for all their products in the market of 11,000,000. Those are the reasons why we at least tried to make the position clear.

Then in 1936, with the government continuing the very policies against which they had railed, what was the trading balance? Look at the result of it, from the day we endeavoured to correct the position by the emergency tariff of 1930, with the undertakings to which I have referred. Let us look at it. We find that in 1936 the commodity trade balance had increased to 322·2 million dollars. That was not brought about by any action that was taken within twelve months, after the change of government. That was the maintenance of that principle upon which we had accomplished these results. That is known by all. We had gold increasing to $131,000,000; we had tourist expenditures once more increasing up to $156,000,000, making a total under those three items of 609·2 million dollars. Interest and dividend payments, freight payments and payments abroad amounted to 233·8 million dollars, because by this time some of our dividends had been increased, and the money pouring out of this country to service this seven billion dollars of investments here had increased, so there we had 233·8 million dollars. And we had a net total favourable balance of 323·6 million dollars, brought about by the maintenance of those provisions which had been made for the purpose of correcting what had commenced in 1929.

Perhaps it is not pertinent at this moment to enter into a discussion with regard to the export of capital from this country, and various other matters to which reference might be made. Sufficient for my purpose it is to say that the statistical department has furnished us with an indication that our trading balance at the end of December, 1937, was still favourable, but was falling as compared with the preceding year. Our commodity trade was favourable to the extent of $212,000,000. Gold had risen to $145,000,000. The tourist trade had increased to $170,000,000, and interest and other payments abroad amounted to $247,000,000. Other items totalled $63,000,000, still leaving us a credit balance of $217,000,000 at the end of the year. But look at what has happened since. It has been only three months, but they have been three months which, it seems to me, more nearly make the analogy between 1929 and 1930 very important to any government, and to the government of this country in particular. There you have the flags flying distress signals. They are apparent. There is no business man who has not seen them. Go and look in the factories. Go and look at the reduction in the number of workmen in the factories. Go and look at the business man's attitude towards the problems with which he has to deal. You find the signs everywhere. What are we doing about it? We have the significant railroad situation. Do you realize that during one of these three months our nationally owned railway did not earn its operating expenses? Is that not something to think about?

With these other signs to which I have directed attention, with respect to these matters, I shall close that phase of it, but I have in my hand a document issued by the United States government concerning trade between Canada and the United States. It is their version of their relations to us, not our version of our relations to them. I fancy most hon. members have received copies of this document. I commend to my fellow members of this house a consideration of these words:

> Canada is our largest single foreign market for finished manufactured products.

Just think of it; eleven million people—

Mr. CRERAR: What is wrong with that?

Mr. BENNETT: —is the largest single foreign market for United States finished manufactured products.

Mr. CRERAR: What is wrong with that? Is it dangerous?

Mr. BENNETT: Well, I would expect that question from some people but not from a minister of the crown whose sworn duty it is to protect the people of this country and who doubtless is endeavouring to do his best in that regard. He wants to know what that means. I shall tell him what it means. It means that to the extent to which those manufactured products have supplanted Canadian factory products we have dispossessed our people of employment and given it to people somewhere else.

Mr. CRERAR: Would my right hon. friend explain, then, how unemployment has dropped in Canada, if his statement is correct?

Mr. BENNETT: But surely the minister knows that unemployment is going up by leaps and bounds.

Mr. CRERAR: I know it has gone down.

Mr. BENNETT: It has gone up 25,000 during the last month. If instead of making radio speeches the minister would read the reports of the other departments of the government he would know these things. Does he not know that? Surely he should know it.

Mr. ROGERS: Not in secondary industries.

Mr. BENNETT: Did I say anything about secondary industries? I said "industries." That is what I thought; here you have the other mind at work. Here is the academic mind at work. There is the mind that does not bother reading about it, and here is the academic mind which says they are not out of employment because it is not secondary industry.

Mr. ROGERS: Is the right hon. leader of the opposition speaking about tariff-protected industries, or is he not?

Mr. BENNETT: He is speaking of this statement:

> Canada is our largest single foreign market for finished manufactured products.

My hon. friend asks if employment is less than it was a month ago.

Mr. ROGERS: My right hon. friend just now stated that he is not speaking of secondary industries. His figures must cover unemployment in all industries including seasonal occupations.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: Well, the Minister of Mines and Resources (Mr. Crerar) at any rate can count on these troops when occasion demands, and I am sure the Minister of National Defence (Mr. Mackenzie) would be glad to bring them up to his support.

Mr. McLEAN (Melfort): There has been so little applause from the opposition side that it appears to be welcome.

Mr. BENNETT: Another county heard from! Dunvegan is now heard from!

Mr. McLEAN (Melfort): It is not Dunvegan; it is just another illustration of the fact that the right hon. gentleman does not know everything he aspires to know.

Mr. BENNETT: Well, as a matter of fact, Mr. Speaker, it is a great compliment to have the hon. gentleman make that observation, because it indicates that after all the standard by which the measurement is made is not very high.

Mr. McLEAN (Melfort): That still leaves my observation correct, that the applause from the opposition in recent weeks has been so scarce that any applause is welcome.

Mr. BENNETT: The second paragraph to which I direct attention contains these words —and these are the words of the United States:

> Approximately 49 per cent of the total exports to Canada in 1937 consisted of finished manufactured articles. 42·5 per cent was crude material and semi-manufactured products, and about 8·4 per cent was foodstuffs.

I shall not do more than commend this document to the consideration of hon. members opposite, because it contains month by month the statement of imports into the United States from Canada of various kinds of commodities. And it will be noted that in 1937 our exports, which are their imports, fell to $24,876,000. It might be of interest to note that even in those sad, dark days of 1935, in May of that year the exports from this country to the United States were over $27,000,000. The returns which came the other day from the office of the Minister of National Revenue indicate that in the month of February they fell to $17,000,000. Those were our exports to the United States. But you do not notice a very great diminution in imports, do you, from there?

Mr. MOORE: Would the right hon. gentleman give the reference number of the document to which he has referred?

Mr. BENNETT: This document can be obtained from the office of the United States attaché in Ottawa, and is entitled, Trade of the United States and Canada, Division of

Foreign Trade Statistics, Bureau of Foreign and Domestic Commerce, Department of Commerce, Washington, D.C.

I have not time to deal with that, further than to point out that it might be supplemented by a document which no doubt the hon. member for Ontario (Mr. Moore) has seen, which was issued on January 27, 1938, by our bureau of statistics, and which deals with our trade balance. I direct attention to these things at this time only for one purpose: I conceive it to be my duty, as it was in 1928 and 1929, to point out to the house, in as moderate language as possible, what the figures show. The immoderation of my language might in other respects be criticized, but not with respect to figures. I have merely pointed out what the figures indicate. I did it then. I draw from them the one inference that I did then. I was told that my inference was wholly unwarranted but, unfortunately, I lived through three or four years of responsibilities and I knew too well that the inference was sound. I give this warning to-day which may or may not be listened to. I have done my duty by pointing out the analogy between those days and these. I have pointed out what the effect of the trade agreement with the United States has been upon the United States; on another occasion I will deal with what the effect has been from the standpoint of Canada. I am pointing out to-day that what we have done is to afford them the principal market in the world for their manufactured products.

Mr. MACKENZIE KING: Is it right to assume from my right hon. friend's remarks that at the present time the tariff against the United States should be increased?

Mr. BENNETT: I did not say anything about the United States. But I do say this, that if this country's integrity is to be maintained it may become necessary to take those steps of an emergency character which were taken in 1930 to safeguard the life of Canada.

What is more, I could—but I do not propose to do so—deal with questions having to do with the trade of this country, under the empire agreements. That matter may properly remain for another occasion. I have dealt with this primarily for the purpose not of discussing trade but of dealing with the monetary side of it. The stabilization of exchange must always be one of the foremost considerations in the mind of any one responsible for the exchequer.

When England went off the gold standard —it is idle for me to say to the house what hon. members know as well as or better than I do; I apologize for even making the observation at all to the hon. member for Melfort (Mr. McLean)—the immediate effect was to have our dollar sensitive to the falling of sterling exchange. Our dollar in the United States financial mind is so closely connected with the pound sterling that we can maintain our dollar at par when you have the British pound at par or thereabouts. The pound is now about five dollars, and our dollar remains at par.

The question arose at one time whether as soon as England went off the gold standard we should not resort to some kind of inflation. It will be recalled that fluctuations of the pound were very marked—so marked, in fact, that the pound in New York did fall to $3.30, a very low quotation indeed. I suppose it must be within the minds of most hon. members that steps were taken here to endeavour to prevent our being made bankrupt, because we had so many obligations to meet in the United States. At this point may I quote briefly from a statement I made before the board of trade at Toronto at the beginning of 1933:

> Another difficulty, of considerable importance to us all, was the depreciation of currencies. When the pound sterling fell from $4.86 to $3.70 ($3.30 in New York) and the currencies of all other European countries and of Japan fell to the level now obtaining, it created additional difficulties for the Canadian people. I will not stop to speak of the methods by which we endeavoured to grapple with these difficulties, except that I would like to say a word with respect to the question that arises out of the depreciated currencies. Sometimes I find suggestions from those who have given little study to the problem to the effect that all that is necessary for us to do in Canada is to embark upon a policy of inflation. What does inflation mean? Nine out of ten that I ask have no answer, except they say, you will have two dollars where you had only one before.
>
> Gentlemen, may I point this out to you; geographically, we are part of the North American continent. Who by taking thought can add a cubit to his stature? Who by taking thought can change Canada from being a part of North America to being a part of Europe?

The Prime Minister made an observation somewhat like that the other day.

> Gentlemen, I invite you to remember that fundamental fact, that the Dominion of Canada geographically is part of the North American continent. And it gives me no joy to remind you also that financially it is in the same position. But frank recognition of a fact is absolutely essential if you are going to deal with the problem that it raises. In this year of grace, the Dominion of Canada must meet in the United States of America, Canada and Great Britain, for principal and interest on Dominion loans, direct and guaranteed, provincial loans, direct and guaranteed, loans of municipalities and a few public corporations,

the enormous sum of $684,149,048. Of this $323,346,120 represents principal and $360,802,928 represents interest. You will note the interest alone is almost a million dollars per day, including Sundays and holidays. We have to provide this by renewals of our promissory notes or by payment. And of this vast sum there is due in the United States of America $266,124,100. Of this sum $109,392,776 represents principal due this year, and $156,731,324 interest. The obligations of the dominion due in the United States this year for principal and interest direct and guaranteed aggregate $108,244,576. Similar obligations of the provinces amount to $70,600,073; of the municipalities to $25,136,536 and of public corporations to $62,142,915.

Thus, Mr. Speaker, it becomes apparent even to the most thoughtless of us all that we had a situation to meet which required that we should do everything possible to stabilize the exchange situation, in other words, to give value to our dollar; and one of the reasons why balances, visible and invisible, become important, is that if we have a favourable trade balance with the United States it means that we at least have some dollars there with which to meet our obligations.

I want to refer to another statement I regard as somewhat important because it was made at the imperial economic conference held in Ottawa in 1932. The situation we were there dealing with was world trade, not exchange. These are the words used by me at the imperial economic conference of 1932, as reported at page 116:

> One of the most important effects of the fall in prices is the increased burden of the fixed charges payable on our governmental and private obligations held abroad, chiefly in the United States and the United Kingdom. Canada is an important debtor country; on January 1, 1932, total British and foreign investments in Canada were estimated at 6·4 billion dollars, against which is an offsetting Canadian investment abroad of 1·8 billion dollars.

It is a little less than that now.

> A careful compilation of the amounts we will have to pay abroad during the fiscal year ending March 31, 1933, indicates a total of $362,000,000, or over a million dollars a day (exclusive of Sundays). Of this total, $233,000,000 represents interest and $129,000,000 represents maturing principal. Moreover, declining commodity prices have greatly increased the drain of this interest and amortization bill upon our national production. As one dollar to-day will purchase at wholesale 48 per cent more than it did in 1929, the real burden of the service charges on these foreign obligations has increased from $362,000,000 to $535,750,000.
>
> It is true that there would be some offset because of the fact that these commitments include interest and principal payable to Canadian nationals who will exercise the privilege of cashing their coupons and bonds in New York when the terms of the security allow that alternative. Such payments will eventually come back to Canada. It is estimated that possibly from 25 to 50 million dollars will return to this dominion. (There is a wide range to this estimate because it is impossible to estimate with precision.) This leaves a net balance of service charges payable abroad amounting to from $310,000,000 to $340,000,000 which in terms of the 1929 dollar would be equivalent to from $460,000,000 to $500,000,000. The total value of our wheat and wheat flour exports in the record year 1929 was $494,000,000; in the fiscal year ended last March it had fallen to $135,000,000.
>
> From another angle these obligations abroad are of major significance in the consideration of Canada's monetary policies. Most of them are payable in New York or optionally in Canada and New York, or Canada, London and New York. Where such options exist the premium on New York funds makes it practically inevitable that payment should be demanded in New York funds. This means that during the year ended next March a maximum of over $279,000,000 will be payable in the United States. England's going off the gold standard was followed by a drastic decline in the price of our dollar on the New York market.

I should like to ask my friends opposite, especially the Minister of Finance (Mr. Dunning), to listen to this:

> The effect which this action by England had on Canada is difficult to exaggerate. It has resulted in a struggle to maintain the national integrity.

Hon. members have perhaps heard me say that too often.

> It was necessary for us to increase customs duties not for the purpose of protection, but to maintain the balance of our national position. We had either to face bankruptcy or restrict imports. At one time, our dollar fell as low as 75 cents in the New York market. To-day the premium on New York funds is only 14 or 15 per cent, but even with this premium the increased burden to the individual corporation or government of servicing these foreign loans is obviously a heavy one.
>
> It is equally clear that the depreciation of the Canadian dollar and the fluctuations in New York exchange increase the difficulty of refunding old loans and floating new issues in the American market. This is particularly important in view of the fact that since the war the United States has been our chief source of capital imports. Of the 6·4 billions of foreign investments in Canada referred to above, over 3·9 billions or nearly 62 per cent are owned in the United States, and only 2·2 billions, or 34 per cent, in the United Kingdom.

The figures are somewhat changed now as shown by the bureau of statistics, but I shall not take time to correct them.

> From 1924 to 1931, the United States absorbed over 41 per cent of the public issues of Canadian bonds, whereas the United Kingdom's purchases averaged less than 2 per cent of the total as compared with approximately 75 per cent before the war. At the end of 1931 Canadian banks had 83 million dollars loaned on call in New York and over 100 million dollars in bank balances in that market. Under present conditions, therefore, the relationship of our dollar to the American dollar is bound to be of great significance to Canada.

Finally, the evils of fluctuating exchanges are especially injurious to Canada because of the importance of foreign trade in our national life. With only ten million people Canada ranks fifth among the nations in imports and sixth in exports, whereas on a per capita basis we rise to third place in exports and to third or fourth in total foreign trade (depending on the year selected). Normally, about 20 per cent of our productive activities, it is estimated, are directly involved in commodity exports. Nor, as was pointed out in other discussions this morning, is the major portion of this foreign trade with empire countries. In 1930, for instance, 46 per cent of our exports of Canadian produce went to the United States and 67·9 per cent of our total imports came from that country. With the whole British Empire, on the other hand, the proportions were only 33 per cent for exports and 20·3 per cent for imports. For Canada, therefore, stable exchanges with gold standard United States as well as with the empire countries are a vital necessity.

Mark you, the United States was then on a gold standard basis.

With our southern neighbours, also, tourist expenditures and other forms of commercial and social intercourse bulk large. Invisibles play an important part in our international balance of payments. Tourist expenditures in this country, for instance, have amounted to from $200,000,000 to $250,000,000 annually.

I think last year it was higher still.

Our new production of gold has also been a matter of great importance to us. Although we have not been on the gold standard since 1929 in the sense of maintaining a free market for gold, we have been obliged to meet in terms of gold the external payments referred to. Our production of gold last year was $55,000,000 and the present rate of production is about $5,000,000 a month. You can realize how important this has been to us.

That was the statement made by myself at the meeting of the imperial economic conference here. Bear in mind that the United States had not then gone off the gold standard, and we had to service our obligations in terms of our contracts or be defaulters—and we were not defaulters for a single dollar. That is worth keeping in mind. At the present time the Minister of Finance has no difficulty such as that. The United States has gone off the gold standard, and the situation is no longer that of our having to find yellow metal, in the language of my friend from Ontario, with which to meet the obligations that arise in respect of provincial or federal securities. That situation has passed away. But we had to do that. We had to do whatever could be done to reduce that discount on Canadian dollars from twenty-five to ten, to eight, to seven, to six per cent; in 1933 we got it down to 98½ cents on the dollar, and thought we had been exceedingly fortunate. That situation is no longer burdening the government of Canada; that situation has been relieved by the action taken in the United States of America. And I should like here to do something I have always longed to do, to say that when England went off the gold standard and our difficulties were very acute, the president of the United States, Mr. Hoover, sent me word saying anything he could do within the limits of his constitutional rights to assist us, he would do, because we had declared that we would meet our obligations in the terms of our contracts—and we did. That is the side to which I draw attention.

Under these circumstances we believed it essential, as we still do, that this country should have a central bank. We believed it for reasons that I will not analyse at the moment. I had in the back of my head the idea, which apparently was not sound because our population was too small, that we might be able to do something with respect to exchange between Great Britain and Canada and not do it through New York; that we might be able through our central banks to establish our own exchange system throughout the countries that constitute the empire, with the central banks of Australia, New Zealand, Great Britain and South Africa. But our population is too small and our volume of business too limited as compared with the tremendous business of New York for us to hope to be able yet to establish clearly—I say, clearly—our position with respect to exchange.

Mr. McGEER: Was that message from the president of the United States official? Was it a document?

Mr. BENNETT: No, it was not a document. It was by word of mouth.

Mr. McGEER: Could it be defined in the terms that the speaker has mentioned? Apparently there was a reason why the assistance of the United States was—

Mr. BENNETT: Not a bit.

Mr. McGEER: Apparently it was because we had taken a different course from that of England. If there was any such arrangement between the Prime Minister and the president of the United States I think we should know it.

Mr. BENNETT: I have said distinctly there was no such arrangement; it was never discussed. But I want to pay tribute to a man who is no longer in an official position, and who, through his minister here, came to me

and said anything they could do to help us they would do. That was all, because the constitutional limitations made it impossible for him to do anything.

Mr. McGEER: That is a very different thing from what was said a moment ago.

Mr. BENNETT: That is the position. The idea that it had anything to do with the attitude of England was never thought of or hinted at or discussed. It seems to me passing strange that that observation should be made.

At any rate, that is the position we found in 1933. I was going on to point out that in dealing with this problem of exchange we had one of the most difficult of all the problems that confront any government. For here were these maturities of Alberta, Saskatchewan and Manitoba, payable in New York in gold; here were the maturities of our country, for instance the renewal of deposits with the Chase National bank,—and I do not forget, either, their great consideration for us at that time of peril and danger. I met the directors and told them exactly what the position was, and what we were striving to do, and they said, "Certainly, if you are trying to do that to meet your obligations, we will renew your obligations", and they did so on what was regarded at that time as most favourable terms. One should at least pay a tribute to those who have endeavoured to help in times of great stress and strain and have done what they could within the limits of their powers, having regard to their constitutional limitations, for the purpose of giving us assistance.

Then we established our central bank; and that was a slow process. Some people think it is a very simple thing to pass a statute. I explained the other day what the difficulties were. The deputy governor said last night in an address he made in this city that the government did what apparently he thinks it is the duty of a government to do,—to appoint a governor and take his advice. At least that is his statement that is printed in the press this morning. That was done, and when this government came into office what did they find? They found a well-equipped, well-officered and manned central bank operating in every province in Canada. They found more. They found not only the original set-up but that the provisions that had been made with respect to treasury bills had been so expanded that from 105 millions they had gone up progressively to 150 millions, where they now stand.

Mr. DUNNING: No, not when we came into office.

Mr. BENNETT: Not the day that the present government came into office. But the governor points out that there was a rise from 105 millions to 150 millions. He says in his report:

During 1936—

That is what I am talking about, the year after the present government came into office.

During 1936 the amount of dominion government treasury bills outstanding was increased from 105 millions to 150 millions. The average tender rate during the year was ·85 per cent for 90-day bills. The rate ranged from 1·198 per cent on the offering of January 2, 1936, to a low of ·643 per cent on September 15, 1936, and the last offering of the year was sold at a rate of ·746 per cent.

He then points out the difficulty of having any wide market for treasury bills, because bills of that kind in this country are, or were until the offering was made during these five years, an unknown thing. The only dealing with bills had been through the operations of the Finance Act, which by no extension of meaning could be said to be a market for bills in the sense in which that term is used in England.

One word more about that phase of it. The effect of these efforts was to place machinery functioning in every part of this dominion at the disposal of the incoming government. The United States had gone off the gold standard. That trouble had disappeared. Our funds were substantially at par, and if we maintained our trade balances they could be kept there.

Mr. ILSLEY: They still are.

Mr. BENNETT: Certainly.

Mr. ILSLEY: That shows we have kept our trade balances reasonably normal.

Mr. BENNETT: Reasonably normal. I am only pointing out what the tendency is, and I can only read the figures as they are; I have not any ability to do other than that.

The other morning a report appeared in the press that the Minister of Agriculture (Mr. Gardiner) had said at Edmonton:

. . . If no other party interferes with present legislation passed by the Liberal government, such control will be in effect in 1945.

The control he referred to was:

Changes are being made, and I say the time cannot come too soon for me when the government has control over credit and currency in this country. I mean control entirely in the hands of the government of Canada.

Then follows the statement I have read.

Mr. GARDINER: Mr. Speaker, may I call the attention of the right hon. gentleman to the fact the statement was corrected in the press the following day.

Mr. BENNETT: It was?

Mr. GARDINER: Yes.

Mr. BENNETT: Well, it was not published here, then, so far as I saw. What was the corrected statement?

Mr. GARDINER: I have seen it in a number of papers. It appeared correctly in the Edmonton Bulletin the morning after the meeting, and was quoted in every other paper in the same way.

Mr. BENNETT: As a matter of fact this report is clipped from the Winnipeg Free Press of March 17, 1938. The hon. gentleman says it has been corrected, therefore I will say only this about it, that no legislation has been passed by this government so far as I know that gives the government control of credit. The hon. member for Vancouver-Burrard (Mr. McGeer) may say that there has been an appropriation of some of his views and an adoption of some of his opinions, but they have been so circumscribed and limited in their operation that I am afraid he would deny their paternity. That is the position with respect to the matter at the moment. The only construction that I can place upon it is that the minister meant that the banks would be practically out of business so far as note issue is concerned by 1945. Well, the Liberal government did not provide that. In the revision of the Bank Act it is provided that on the first day of January, beginning with 1936, the banks shall retire five per cent of their note issue, and after the next five years, on the first day of January retire ten per cent per annum. That leaves twenty-five per cent of bank notes in Canada and elsewhere in 1945; and I should like the house to keep in mind the "elsewhere." I suppose it is known to every member that there are a number of branches of Canadian banks abroad, and by statute we authorize the issue of paper money in the West Indies by some of our Canadian banks. It will be recalled that in the return which the banks make they indicate not only the circulation of their notes in Canada but in every other part of the world; and the whole set-up as indicated by the return from time to time in the Gazette, is of course predicated upon its being a return for the whole of their operations in every part of the world. And twenty-five per cent was left because there are circulating the notes of one or two banks, in particular in the West Indies, in a rather extensive way, The reduction in the note issue of five per cent on the first day of January has now been operative for three successive years, so that 15 per cent has been retired—five per cent on January 1, 1936, five per cent on January 1, 1937, and five per cent on January 1, 1938. The governor of the Bank of Canada refers to the matter but does not indicate the exact volume of notes that had been retired by the beginning of this year. I believe, however, that it now stands at $22,000,000 or more. Is that right?

Mr. DUNNING: That is about right.

Mr. BENNETT: Those notes have gone out of circulation and have been destroyed.

Mr. DUNNING: And replaced by Bank of Canada notes.

Mr. BENNETT: Yes; and, as pointed out by the governor in his report, the necessity of increasing Bank of Canada circulation arises from the diminution of bank circulation. As their notes go out of issue Bank of Canada notes come into issue, and that is responsible for the marked increase in Bank of Canada notes at the first of the year, when the transaction for the past year has been completed.

There is one point to which I would like to direct attention, because the other day we seemed to be at cross purposes in language though not in reality. I indicated to the minister my fear that when people talk about being able to make loans or investments to the extent of ten per cent of their cash reserve they at once create in the minds of the public—

Mr. DUNNING: The right hon. gentleman is starting wrong again; I am sorry to interrupt him.

Mr. BENNETT: Ten times the amount of the cash reserve—what did I say?

Mr. DUNNING: You said ten per cent.

Mr. BENNETT: I meant ten times. When people talk that way they at once conjure up a very difficult situation. For instance, here is the Ottawa Citizen, published only last night, Monday, March 28, reporting what one minister said—

Mr. DUNNING: In his pulpit in a sermon.

Mr. BENNETT: Yes. Let me read a line or two:

> He also commented on a statement by finance minister Dunning that banks could loan ten times their cash reserve. This was disquieting and perplexing to the ordinary man, he said. "I don't think a healthy life can be built in Canada on any proposition that any institution can go ahead on ten times more than it can back up."

It was for that reason that I was endeavouring to use another formula. The real truth about the matter is this. I have in my hand

the bank statement for February. It would be a different matter if we said, "Banks can never make loans in excess of their deposits and be solvent."

Mr. LANDERYOU: What are deposits composed of?

Mr. BENNETT: I will tell you what deposits are.

Mr. LANDERYOU: What are they composed of?

Mr. BENNETT: Your account and mine and a few others of that kind. Demand deposits in Canada at the end of February amounted to $634,068,054 and notice deposits $1,614,569,798, or a total of $2,248,637,852. That is in Canada; those outside Canada I leave alone.

Mr. LANDERYOU: Is that cash?

Mr. BENNETT: That is deposits. My hon. friend the Minister of Finance says it is my turn to bat now, and I do so with alacrity. And I am not going to take a base on a strike.

Mr. DUNNING: A base on four balls.

Mr. BENNETT: A base on a strike, yes. The real truth is that we had demand loans at that time for $807,279,133 and investments for $1,440,435.948, a total of $2,247,715,081, or $1,000,000 less than deposits. The business of banking consists in the maintenance of equilibrium between time loans and time deposits, demand loans and demand deposits; and for the purpose of preserving that equilibrium beyond question a cash reserve is set up, which in this case consists of Bank of Canada notes in the hands of the banks and deposits in the Bank of Canada that can be converted into Bank of Canada notes. That may consist of eight, ten, seven per cent or whatever you will of the deposits, but in practice it has been found ample to meet the situation. Why? Because our bankers have thus far been careful enough to maintain that equilibrium between time loans and time deposits and demand loans and demand deposits, so that there has been no claim made upon the cash reserve which exists for the purpose of maintaining the solvency of the institution. The other day I referred to the Merchants' bank, the Union bank, the Northern Crown bank, the Traders' bank, and other institutions that had not maintained that equilibrium between the loans and time deposits. For instance, one of these banks in my own community had lent to a real estate agent several hundreds of thousands of dollars. The boom burst, and where was that money? The deposit—where was that? Unrealizable. Instead of talking about ten times or eight times, or any other number of times, people should keep in mind the fact that the management is what determines the value of the bank; the administration maintains that high principle of an adjustment between time loans and time deposits and demand loans and demand deposits.

Mr. LANDERYOU: How are the deposits, created, then?

Mr. BENNETT: The deposits are created usually by someone writing on a deposit slip and handing so much money into the bank or discounting a piece of paper; that is the reason that Mr. McKenna made the statement that every loan creates a deposit. It does only if the deposit is made in the bank; if it is put elsewhere, in a safety box, or somewhere else, it does not create a deposit.

Mr. LANDERYOU: Why should anyone draw a thousand dollars out of the bank and carry that money around in his pocket and pay interest on it?

Mr. BENNETT: It frequently happens that substantial sums are carried about. Loose money is put away in the cupboard or somewhere else in the home for various purposes. All moneys do not go on deposit in the bank.

Mr. LANDERYOU: But it has to go back to the bank in interest.

Mr. BENNETT: The question of interest does not arise here.

Mr. LANDERYOU: It does.

Mr. BENNETT: The question at the moment is the maintenance of that equilibrium that I have already referred to. There are two kinds of deposits. In the first place you have notice deposits, that is to say, deposits that cannot be withdrawn from the bank unless notice is given to the bank. Loans are made for three months, six months, nine months and so on. but they must be so adjusted that when a man draws a cheque against his account he will find that cheque honoured. And if there comes a time when such a cheque is dishonoured then the bank has failed.

Mr. LANDERYOU: Would the right hon. gentleman say that the banks of Canada are safer and stronger than the banks of England? In 1914 when there was a run on the banks of England they did not have the amount of the deposits in cash.

Mr. BENNETT: I have told in this chamber once before the story of the difficulties in England. It is difficult to induce

some hon. gentlemen who have very strong views to listen to the facts. The truth is that England was then on the gold standard. The Bank of England did not fail because it had not paper money; it failed because it could not provide gold to exchange for paper money. That is the story.

Mr. McGEER: That is not true of 1914, the year to which the hon. member refers.

Mr. BENNETT: I am talking about the failure of the Bank of England. And what is more, I have never listened to a tale about an inanimate thing that was more moving than the tale of the failure of the Bank of England.

Mr. DUNNING: That was not 1914?

Mr. BENNETT: No, this is the failure of the Bank of England, when they had to close as described by the late Chancellor Snowden.

Mr. DUNNING: I think the question was as to 1914.

Mr. LANDERYOU: Yes, I was referring to 1914.

Mr. BENNETT: Well, the same sort of thing happened. The great acceptance house of Kleinwarts had £7,500,000 out on acceptances. In England they have these enormous acceptance houses which buy accepted bills drawn on cities all over the world and sell them to the joint stock banks, and the joint stock banks may deposit them with the Bank of England for the purpose of getting money. Just as a solution suddenly colours a glass of water into which it is thrown, so this great disturbance of war threw the whole system into chaos, out of gear, and it became necessary, in order to put it in gear again, to do what was done. It was a temporary expedient for the purpose of relieving the stress and strain of an immediate difficulty, and it worked. Some hon. members, I doubt not, were in England at that very time, and everyone knows what the effect was. Immediate action was taken. The people accepted the so-called Bradburys as the expression of national credit at a moment of crisis, knowing that there was not one penny less of gold in England than there was before, that the gold was there for the purpose of backing the currency.

Mr. McGEER: Would the right hon. gentleman say that there is any difference between the pound sterling of to-day and the Bradburys of 1914-15? Neither is backed by gold, and that is the only thing of which there could possibly be any difference.

Mr. BENNETT: I have no intention of engaging in a controversy that would lead nowhere. I say they were backed by gold, and I say that the Bank of England has more gold to-day than it ever had at any time in its history, and is carrying it at $20.67 an ounce and not $35. While the currency is not backed by legislation making it technically gold standard money, there was never a time in the history of England when its currency was more fully backed by gold than it is to-day. Anyone who reads the financial newspapers or the last return of the Bank of England will know that. Why try to delude people with a specious story which has no foundation in fact or logic? Why endeavour to cover an issue up by vain words that mean nothing, when as a matter of fact the very money about which the hon. member for Vancouver-Burrard is speaking is covered by gold to an extent that it never was covered before in the history of England?

Mr. LANDERYOU: Can they cover the deposits with gold at the present time?

Mr. BENNETT: Was there ever a time when the deposits could be covered with gold in any country? Everyone knows what the position is. In the long experience of mankind, by sound judgment and intelligent discretion people have learned to ascertain the likelihood of a run, the likelihood of men demanding their money all at once. I remember during the five years to which I referred one of our banks was suddenly confronted with a run for $10,000,000 because of certain rumours, and they handed out their bills and met the demands promptly and proudly. Under our law as it stands there is no chance of any difficulty arising as long as that is done, because we are the only country in the world that has so favourable an arrangement by reason of the issue of these bills in the terms in which we issue them, as I pointed out the other day. Why endeavour to create a suspicion in the minds of the people that something rotten is being done with respect to these institutions that we ourselves have created? In nine cases out of ten you will find the difficulty arises because someone wants a credit he cannot get. Someone wants to borrow money and cannot; that is what is the matter. Hon. members of this house have said to me: Why cannot I borrow so and so from the bank? I shall never forget a gentleman from Claresholm complaining to me that one of our chartered banks would not lend him money. I said: "Yes, I have a few dollars in that bank; I have an account there. They

will not lend that money to you? What have you got?" "Well," he said, "I did have a quarter-section, but I sold it, and I have not got much—well, I haven't anything to speak of at all." "Listen," I said; "I would not lend my money to you with any hope of getting it back, and now you are complaining because someone who has control of my money for the moment will not lend it to you. If he did lend it to you I should like to have him dismissed." Did it ever occur to hon. gentlemen that that is the whole story?

Mr. DUNNING: But the hon. gentlemen in the corner do not intend that money borrowed shall ever be paid back.

Some hon. MEMBERS: Oh, oh.

Mr. DUNNING: I listened with my own ears to Mr. Aberhart saying just that on the radio on Sunday night, and dozens of other hon. members doubtless heard it. I do not know whether the leader of the opposition (Mr. Bennett) heard it.

Mr. BENNETT: As a matter of fact I prefer to attend church. I prefer to take mine undiluted. But this is made a catchword amongst our friends in the country—"Oh, look at those banks! They can buy securities or lend ten times their cash reserves!" And someone thinks that means all the money they have on deposit.

Mr. DUNNING: That is the trouble. But surely my right hon. friend will acquit me of any intention of conveying that impression.

Mr. BENNETT: Oh, quite. I would acquit my hon. friend of almost anything in connection with financial matters.

Mr. McGEER: While we are on that point, if what the right hon. gentleman is now saying is said in earnest, what is the meaning of section 59 of the Bank Act, passed in 1934, which fixes the cash reserve for the merchant bankers at not less than five per cent of the total amount of their deposits? And will he also tell us how much they now have on deposit to support the $2,200,000,000 plus another $600,000,000 on deposit in the banks outside of Canada?

Mr. BENNETT: I do not think there is any difficulty about that question, except that it is not quite accurately put. I cannot be both questioner and answerer at the same time, so I shall take the question as though it were accurate and answer it as it should be. The maintenance of the equilibrium between time loans and time deposits and demand loans and demand deposits depends upon two things. There is the discretion and judgment of the man who is making the loan, whether fifteen, thirty, sixty, ninety or one hundred and twenty days; he has to decide whether notice deposits that he has will be drawn upon within that period, and to what extent. If the notice deposits are not drawn upon—all this is highly technical; he knows it all, has it in front of him—

Mr. CAHAN: He has it every day.

Mr. BENNETT: Yes, I was about to say he had it twice a day, in the larger banks. Therefore he makes his arrangements accordingly. The amount of money is put there as security, in the Bank of Canada or in the gold reserve, and as far as that is concerned my information is that when that is drawn upon to any extent you can be sure that something has gone wrong with the business of the bank.

Mr. McGEER: What about section 59, which you wrote into the Bank of Canada Act?

Mr. BENNETT: I have not section 59 before me.

Mr. McGEER: Apparently not.

Mr. DUNNING: It provides for the statutory portion of cash reserves required.

Mr. BENNETT: That was what I assumed. That is covered at the present moment, Mr. Speaker, by the provisions of our Bank of Canada Act and the Bank Act. To-day our banks have a line of reserve which consists first of Bank of Canada bills and second of deposits in the Bank of Canada, convertible into Bank of Canada bills. Those are the reserves. Those reserves are merely an assurance to the people of the country that their deposits will be safe; that is all.

Mr. LANDERYOU: That a small percentage of them will be safe.

Mr. BENNETT: That is the assurance, because based upon experience we are able to know that the withdrawals will be so trifling, as against the payment obligations that are provided by loans, that we can rely upon the draft not being made upon them. We all know that. Take your life insurance companies; take your fire insurance companies; take any of your companies. Look at the largest insurance companies in the world; look at the largest in Canada, with outstanding risks amounting to two and a half billion dollars. Why is it perfectly solvent? Because it is based upon those obligations maturing years hence, on an actuarial basis,

computing the interest sometimes at two and a half per cent and sometimes at three per cent, as the case may be; knowing positively as an actuarial matter that some day they will become perfectly complete, and more; more in every case. For instance, there is one company that has $700 of assets for every thousand dollars of insurance outstanding. That is a very old company, needless to say, but that is almost incredible. Of course none of the companies has assets that equals its obligations.

Mr. DUNNING: Its ultimate obligations.

Mr. BENNETT: The obligations on policies, because they are payable in future. The experience of the banks—and I know exactly what I am talking about—is this: every bank—and the older the bank the better—knows what is the likelihood of money being withdrawn. That is a factor of the first importance. For instance, in some parts of the maritime provinces there are savings accounts that have been there for long periods, one of them in particular for three generations. It was willed to somebody, transmitted to the next man and then transmitted to the next. It is one of those old things, a sort of standby; that is all. Those are the notice deposits referred to here. Supposing I go into a bank to-morrow and ask for $10,000. The bank will say, "No, Mr. Bennett, we cannot lend you $10,000." Why? "Because we have reached the end of our lending ability at this moment. In the light of our experience we will be called upon to pay deposits amounting to so much, and we must be in a position to do so."

Mr. DUNNING: That does not happen.

Mr. BENNETT: Yes, it does. It happened in 1914 in this country, when banks were fearful that maturities would not be paid. It must be remembered that when a bank lends money—

Mr. DUNNING: Oh, yes; in a time of crisis.

Mr. BENNETT: That is it, exactly. Just let me put this to this house: A bank predicates its loans upon its knowledge—and I say its knowledge deliberately—gained from experience and otherwise of the likelihood of the obligations being paid in time to enable any claim for deposits to be liquidated. That is the story, shortly put; and when there is a great crisis that interferes with the payments at maturity of course the bank has to take immediate steps to see what can be done to meet the necessities. In England they did it with Bradburys. We did something else, as you will recall, under the war time act that dealt with that situation. As far as loans and deposits are concerned the situation must always be this, that banks do not lend more than they have on deposit.

Mr. HAYHURST: Every loan creates a deposit.

Mr. BENNETT: I am quite content that the hon. gentleman has said so, but the misunderstanding on the part of the less intelligent public who listen to a lot of words, such as I have been using, which perhaps they are unable to understand fully, leads to the result that they gather up just a catchword. They say, "By Jove, this bank business must be a terrible thing. There is that bank with its deposits, and it is lending $20,000 on deposits of $2,000." I will tell you that the banks have to deliver just what the deposits call for, and the banks will liquidate their obligations to their depositors in the terms of the deposits. Let there be no misunderstanding about that.

Mr. DUNNING: We could not have a banking system for five minutes if that were not true.

Mr. BENNETT: It must be true, and that is just why new banks are so difficult to start. In the beginning they have no deposits to deal with, so they start out and lend money to make good fellows of themselves. The next thing that happens is that when my cheque is drawn on that bank I am told that the amount of my deposit is out in a loan that has not been paid, and the bank closes its doors. That is the story. I am afraid I have gotten far away from what I intended to say—

Mr. McGEER: Just on that point the right hon. gentleman might give us a little information about the $35,000,000.

Some hon. MEMBERS: Sit down.

Mr. McGEER: What I should like to point out to the right hon. gentleman is that I did not ask a facetious question. What I wanted to know was why, in the 1934 bank act, the government of that day decided that a five per cent cash reserve was sufficient security against all deposits issued. What has happened is this, that the banks have far more than five per cent of cash on deposit, but in 1934 the government apparently concluded that five per cent of cash was an adequate reserve against deposits in Canadian banks. If that is so the banks can create deposits, as far as the limitations of the law are concerned in Canada, to the extent of $20 for every dollar of cash that they can deposit with the Bank of Canada.

Mr. BENNETT: What was the question?

Mr. McGEER: My right hon. friend does not need to do that.

Mr. BENNETT: What was the question?

Mr. McGEER: The question is this—

Mr. BENNETT: Why did the government do so and so?

Mr. McGEER: "The bank act of 1934 sets up a specific quantitative reserve which the chartered banks are required to hold against their deposit liabilities. In form this reserve must consist of a deposit in and notes of the Bank of Canada. In amount it must be equal to five per cent of the deposit liabilities in Canada. As a result the chartered banks as a group can legally create deposits amounting to $20 on the basis of a $1 reserve. A much larger secondary expansion is made possible, however, for the Bank of Canada is required to hold only—"

Some hon. MEMBERS: Order.

Mr. SPEAKER: I would remind the hon. gentleman that he must ask his question, and that he can interrupt only with the consent of the right hon. gentleman who has the floor.

Mr. McGEER: My question is: Why did the government decide in 1934 that five per cent was adequate reserve?

Mr. BENNETT: I think there were two reasons. One was that this was the amount required in a preceding bank act.

Mr. McGEER: There was no reserve at all.

Mr. BENNETT: There had been, by practice. There was no central bank, but they had to maintain a reserve in Dominion of Canada bills. That is what the law was. I take it that the hon. gentleman read from that very valuable handbook, McGeer on Progress and Poverty, was it?

Mr. McGEER: I am reading from The Canadian Banking System, by James Holladay, but I can tell my right hon. friend that if he will read that book of mine he will know more than he indicates knowing to-day.

Mr. BENNETT: I was mistaken. It was not McGeer on Progress and Poverty he was reading from. But I note with interest his observation that if I read his book I would know more. I always feel we should pay tribute where it is due. He presented me with one. If I were to follow his suggestion and read his book I would know more of what he knew, but I would not know more than I know to-day. It is a very fine distinction.

Let us proceed one step further. The reason why five per cent appeared was this: There was a provision that the banks had to hold Dominion of Canada bills to the extent of a certain sum indicated by statute. Knowing we were to create a central bank, we provided that the reserve should be five per cent. The reason why the five per cent provision was made was threefold. All our banks are not equally strong and, with respect to note issue, the strong have always been careful with respect to the smaller. We have a common fund which takes care of that. It was brought to the attention of the government of that day that a reserve of five per cent had, in the light of experience, been ample. The banks said it had always been and it would always be in excess of five per cent, but they thought that five per cent was sufficient, for statutory purposes, and that as conditions improved—we were then in the depression—it would be competent for them to change that.

As a matter of fact, I believe the banks have averaged since 1934—except at one time, when conditions were extremely bad—between eight per cent and ten per cent. Is that right?

Mr. DUNNING: I think the average would probably be more than ten per cent.

Mr. BENNETT: I know it has run over ten per cent, but I am allowing for those dark days when things were lowest. I think it would average something like between eight per cent and ten per cent. It is nearer nine than eight, and I believe the minister might easily give it accurately. But at any rate it has risen, to answer the hon. gentleman's question at once.

In the light of experience it was found that, having regard to maturities and payments by those who borrowed, and in the light of the long time deposits remaining, and the non-fluctuation of them, that reserve would be sufficient to meet any demands which might be made by depositors for their money. In the light of experience that has turned out to be accurate.

Mr. LANDERYOU: Not in every case.

Mr. BENNETT: Since the act of 1934 I know of no case in which a depositor has not got his money.

Mr. LANDERYOU: The depositors have not all called for their money at the same time.

Mr. BENNETT: One thing I really delight in is that when a question is answered they merely suggest there was no reason why the

question should have been asked. I always think that is highly entertaining.

Mr. LANDERYOU: I know of a case.

Mr. BENNETT: I said that there was no case since 1934 when the depositor had not been paid; but they say, "No, they did not want their money," or in other words, the question should not have been asked.

Banks have very large investments. The minister the other day referred to that fact. It is not from choice, but from necessity, that our banks place their money in securities. Here, for instance, is the central bank's statement for February, in crystallized form, and I find that they have investments of $1,440,435,948. I regret to say that the amount is larger than it was a year ago, and that it is rather larger than it was in January. These are dominion securities, provincial securities, and some municipal, but the one point I want to make clear beyond peradventure is that it is a bad sign when banks are compelled to invest their depositors' money in securities. Why? Because it indicates a lack of confidence on the part of those who have placed their money in the banks on time deposits, and who are not content to risk it in our industrial and commercial life. I draw an inference there that hon. members opposite will question: That, to me, indicates a lack of confidence. Confidence in this country can be restored only when, with some degree of certainty, men can engage in commercial and industrial enterprises.

At this time we have a trade agreement here, and another trade agreement there. "Shall I expand my plant"? "No; I do not know what is going to happen." "Shall I build a new plant"? "I do not know what is going to happen." "Shall I establish an industry"? "No, I have not confidence that the present situation will continue." I draw an inference my hon. friends opposite will repudiate at once. I say that lack of confidence arises because of the policy of this government; others disagree with that, and that difference of opinion is the foundation of party government. I say that certain things would establish confidence. I say that lack of confidence, non-confidence, is expressed in the central bank's statement, and I think at another time and place I can give very good reasons for so saying.

I have now led up to what I conceive to be the correct conclusion, namely, that we have here a complete lack of confidence, as evidenced by monetary results of policies of the government. One result is an increase in the securities held by the chartered banks. They have been compelled to increase their holdings of securities, or to refuse to take deposits and pay interest on them, because there is the cost involved in maintaining an office, and in keeping books and records of the deposits themselves. Either one of two things must happen: They have to use that money by investing it, and the investment is of two kinds—loans to customers, or purchases of securities. Investment in a loan is based upon the assumption that the loan at maturity will be paid; that a call upon the reserves will not be made, and that cheques will always be honoured for the deposits of customers. Investment in securities is predicated upon the assumption that during the lifetime of the security nothing will offer for lending purposes, and that therefore it is desirable, yea necessary, that they lock that money up in securities, as is the case. In my judgment, that is an additional signal to this government to take note of the conditions to which I have alluded.

Mr. DUNNING: Surely my right hon. friend will be fair enough to say also that loans, as well as investments, have risen.

Mr. BENNETT: Yes; here are the figures. I did not insinuate that they had not risen, and I shall give my figures. A year ago call loans in Canada amounted to $118,000,000. To-day they are $70,000,000. A month ago they were $72,000,000. Those are the figures with respect to call loans.

Ordinary loans, or current loans in Canada have risen $46,000,000 since last year. The amount was $731,456,128, and it has risen $6,000,000 in the last month. It should be observed that the figures are very nearly alike. There is an increase, however, in loans. I do not wish the minister to say that I deny that fact.

I shall not trouble the house further; there is much that could be said, but the diversion which has been offered by the interesting questions which have been asked make it unnecessary to proceed further. The motion to leave the chair was met by an amendment, and the amendment was declared to be a vote of lack of confidence in the government and, as was indicated by the minister at the opening of his speech, was of such a nature that those who were opposed to the government would be disposed to vote for it. But the hon. member's amendment was made a means of suggesting that the alternative proposals of our friends of the social credit group would solve the problem to which they directed attention. That was their position.

They talk about monetizing credit. I wonder, sir, how many members of the house have stopped for a moment to think of the extent to which credit has already been monetized in Alberta, and the result of it.

Mr. LANDERYOU: By past administrations.

Mr. BENNETT: Yes; but the credit was monetized to the limit, to such an extent that the interest on that credit could not be met, and default was made in payment of it. In the neighbouring western provinces credit has also been monetized beyond the possibility, according to the premiers of those provinces, of their continuing to meet without assistance the obligations thus created. Therefore, when you talk of monetizing credit and of social credit, we know that we have had the monetization of credit in those three provinces and that it has brought about conditions of such a kind that it is unnecessary to do more than merely refer to them as being the answer to the question: Shall there be a further monetization of credit? Of credit, mark you!—of the tar sands and of the Turner valley, of everything connected with the natural resources. All these were pledged when money was borrowed in London. I remember the prospectus of the Alberta and Great Waterways issues, and reference will be found there to Alberta's resources. We were monetizing our credit. We did this also in Saskatchewan and in Manitoba. We monetized our credit in every province.

Mr. LANDERYOU: And now we cannot pay it back.

Mr. BENNETT: Precisely, and although we cannot pay it back you want to have more of it.

I shall refer to just one other observation that was made in connection with the amendment, and that had to do with the question of inflation. I am not going to deal this afternoon with the complex and difficult problem of inflation, but I shall just content myself with reading what I said before the board of trade of Toronto in 1933. I said this:

> Now I am leaving aside the question as to how you are going to accomplish inflation. I have asked many men for the mechanics of it, and none of them have it except to tell me to borrow perhaps fifty million of dollars, and buy sterling, and perhaps fifty million dollars and buy American exchange, and so manipulate the two as to maintain a stable value for the dollar in terms of the pound. I have had recipes of that kind given me, but they have not said who is going to lend the money or pay the interest.

Then I used these words:

> Gentlemen, when you hear people talk about tying the dollar to the pound, I say, from investigations which I made during the last month abroad, we are making ourselves absurd. I use that term deliberately. How are you going to do it? I talked to the foremost authorities in Great Britain, discussed with them the question of inflation in Canada, and do you know what they told me?

And then I said:

> This is what he said to me: "Mr. Bennett, in all the history of the world you will find no record of inflation or departure from sound money by any country of its own volition as a matter of deliberate choice. There are two reasons why countries go off sound money, two reasons only when they inflate their currency; one is because of necessity from lack of sound currency and the other insolvency."

These were the reasons given by men who know so much more about this than I shall ever hope to do, that I just give this statement to hon. members as I gave it to my friends in Toronto, for what it may be worth. Certain types of inflation have been going on in these countries all these years. Every thoughtful man knows that. But the type of inflation that has been mentioned in certain of the speeches here, the issue of paper money without regard to—

Mr. DUNNING: Debt free money.

Mr. BENNETT: Yes. That sort of thing is quite impossible if we are to maintain our solvency. I think everyone realizes that. Professor Kammener wrote a little volume on money in which he makes this statement which always staggers me, that when German inflation had reached its maximum, a single penny of the United States was sufficient to buy enough marks to discharge the entire mortgage indebtedness of the German empire before the war.

Mr. BLACKMORE: Will the right hon. gentleman permit a question? I know he would not like to have his statement misconstrued. I should like to point out to him that we did not suggest social credit as a solution. My right hon. friend, if he reads very carefully my remarks, will not find the words "social credit" anywhere. Furthermore, we did not mention setting the printing presses in operation. That statement or meaning was absolutely put into our mouths by other people.

Mr. BENNETT: My mind is quite clear that the hon. gentleman who has just spoken (Mr. Blackmore) did not talk of using the printing presses; while he may not have used the words "social credit"—it may have

been that it was not desirable to do so—I am bound to say that I could draw nothing else from his remarks, and certainly the theories propounded were what I considered to be an authoritative statement of the principles of social credit. Perhaps I did a wrong to the hon. gentleman in the wording of the subamendment I now propose. I move, Mr. Speaker, that the amendment be amended by adding thereto the following words:

—but that adoption of the policies of social credit as enunciated by its supporters in this house would afford no adequate remedy for such neglect.

I see no form of amendment by which I can express the lack of confidence in the administration which I have indicated as strongly as I can. At the same time I want to make it quite clear that I have not yet reached that state of intellectual advancement which would enable me to accept the principles enunciated by my friends to the left, with the invaluable assistance of their friend from Vancouver and his work on Progress and Poverty.

Hon. J. L. ILSLEY (Minister of National Revenue): Mr. Speaker, we have listened to a long and rather remarkable speech by the leader of the opposition (Mr. Bennett). The subamendment he has just moved is interesting, and if it could be accepted without joining it to the amendment that was moved by the leader of the social credit group (Mr. Blackmore), I have no doubt that we on this side of the house would be prepared to support it. However, support of the subamendment involves the prevention of the house from going into committee of supply, and the subamendment will therefore have to be rejected by the administration along with the amendment that was proposed by the hon. member for Lethbridge. That is the position which I think the government will have to take on this motion.

Coming to the speech of the leader of the opposition, it is a little difficult for me to remember all that the right hon. gentleman has said. He began his speech on the fourteenth day of March; he continued it at considerable length on the twenty-second day of March, and he resumed it to-day. Having in mind that I might possibly wish to follow him I formulated some thoughts two or three weeks ago, but they have become a little vague and hazy at this late date. I have, however, this general impression of his speech as a whole. There were two parts of it that were quite surprising to me. The first was the position taken by the right hon. gentleman the other night in reference to a passage he quoted from the speech of the Minister of Finance (Mr. Dunning), and in order that there may be no dispute as to what the Minister of Finance said, and as to the position taken by the leader of the opposition in reference to it, I turn to page 1151 of Hansard of March 8, where the Minister of Finance said this:

An increase of, say $350,000,000 in chartered bank holdings of Bank of Canada notes would increase their cash reserves from the present figure of about $250,000,000 to $600,000,000, and their cash ratio from about ten per cent to roughly twenty-one per cent.

The sponsor of the suggestion contends that no inflation is intended or would result by thus increasing bank cash, so long as the gold cover of the Bank of Canada did not fall below the twenty-five per cent minimum. This factor, however, is not a test of inflation. If the banks use their increased cash in the normal way, as a basis for the extension of roughly ten times as much in loans to the public, or for the acquisition of ten times as much in investments, bank deposits would expand by approximately an equal amount until the cash ratio was brought down again to approximately ten per cent. This would mean an increase in bank deposits from the present level of about $2,387,000,000 to something like $6,000,000,000, or more than 2·6 times the level of December 31, 1929. Am I merely old fashioned or orthodox when I say that this would mean a colossal measure of inflation?

The right hon. gentleman challenged that statement very sharply; in fact he characterized part if not all of it as "monstrous nonsense"; and because of the position taken by him, I think I should make clear what I believe is the true position. I believe, and I think most hon. members have believed for some years, that generally speaking it is true that loans create deposits, that is to say, that loans made by banks find their way immediately either into accounts in the same bank or into accounts in other banks, and that therefore loans are responsible for, result in, lead to, create deposits. The right hon. gentleman challenged that statement, and challenged it sharply. He put forward the case of a borrower from a bank who puts the money in his pocket and neither puts it in the bank himself nor gives it to anybody who directly or indirectly puts it in a bank. The simple answer to that is the one given this afternoon by the hon. member for Calgary East (Mr. Landeryou) in his question, that that is beyond the range of the normal experience of human beings. Human beings may hoard money; but they do not hoard money on which they are paying interest, and the amount of hoardings of borrowed moneys would be infinitesimal, so small a factor in the whole situation that it cannot seriously be advanced as a reason for challenging the

broad general statement, now commonly accepted, that loans do create deposits.

As a matter of fact, there is the best of authority for this statement. I suppose that the highest authority in the English speaking world to-day is that of the committee on finance and industry, which was made up of some of the greatest monetary economists and practical bankers in the world. The chairman of this committee was the Right Hon. H. P. Macmillan, K.C. The right hon. gentleman would not challenge his authority; he himself selected Mr. Macmillan to head a commission in Canada which investigated the banking situation in this country. I desire to read at this time two or three sections of this report so that the matter may be clearly understood. A great many hon. members, in speaking to me about the speech of the right hon. gentleman the other evening, said that he was right; that his position was sound. But his position is unsound and incorrect, as is shown by the report of the Macmillan commission. I shall read two paragraphs only, although several others also bear out the position that I am taking at the moment. Paragraphs 74 and 75 put the position absolutely clearly.

74. It is not unnatural to think of the deposits of a bank as being created by the public through the deposit of cash representing either savings or amounts which are not for the time being required to meet expenditure.

That I take to be the position of the right hon. gentleman the other evening.

Mr. BENNETT: No. I made it perfectly clear that a loan created a deposit, and I quoted McKenna to-day to the same effect.

Mr. ILSLEY: The right hon. gentleman quoted McKenna only to criticize him.

Mr. BENNETT: No; I admit that a loan creates a deposit if it is deposited in a bank.

Mr. ILSLEY: I will admit, Mr. Speaker, that the passage which was quoted the other night was not represented as "monstrous nonsense" to-day. The right hon. gentleman took an entirely different position to-day.

Mr. BENNETT: No, he did not.

Mr. ILSLEY: And with nearly everything he said to-day I am in agreement.

Mr. BENNETT: Well, then, we shall have a dumping duty shortly.

Mr. ILSLEY: I do not want anyone reading Hansard of the other evening to conclude that there is something in the position he took on that occasion, and therefore—

Mr. DUNNING: The minister does not agree with the tariff utterances of the right hon. gentleman to-day, but agrees with his monetary references.

Mr. ILSLEY: Yes; as has been suggested, I want to make it clear that it is with his monetary references that I am in agreement, and not with his statements about adverse balances and favourable balances of trade, to which I shall refer.

Mr. MacNICOL: The minister will get there, too.

Mr. ILSLEY: The Macmillan report continues:

But the bulk of the deposits arise out of the action of the banks themselves, for by granting loans, allowing money to be drawn on an overdraft or purchasing securities a bank creates a credit in its books, which is the equivalent of a deposit. A simple illustration, in which it will be convenient to assume that all banking is concentrated in one bank, will make this clear. Let us suppose that a customer has paid into the bank £1,000 in cash and that it is judged from experience that only the equivalent of ten per cent of the bank deposit need be held actually in cash to meet the demands of customers; then the £1,000 cash received will obviously support deposits amounting to £10,000. Suppose that the bank then grants a loan of £900; it will open a credit of £900 for its customer, and when the customer draws a cheque for £900 upon the credit so opened that cheque will, on our hypothesis, be paid into the account of another of the bank's customers. The bank now holds both the original deposit of £1,000 and the £900 paid in by the second customer. Deposits have thus increased to £1,900 and the bank holds against its liability to pay out this sum (a) the original £1,000 of cash deposited and (b) the obligation of a customer to repay the loan of £900. The same result follows if the bank, instead of lending £900 to a customer, purchases an investment of that amount. The cheque which it draws upon itself in payment for the investment is paid into the seller's bank account and creates a deposit of that amount in his name. The bank, in this latter case, holds against its total liability for £1,900 (a) the original £1,000 of cash and (b) the investment which it has purchased. The bank can carry on the process of lending, or purchasing investments, until such time as the credits created, or investments purchased, represent nine times the amount of the original deposit of £1,000 in cash.

The next paragraph, 75, simply extends the field of operations to other banks, that is to the banking system as a whole.

Mr. CAHAN: That assumes that all the deposits are made in one bank. It does not take into consideration that deposits are made in other banks or that deposits are made in other banks in other countries.

Mr. ILSLEY: Well, then, I shall read paragraph 75:

75. The process is much the same when we remove the assumption that there is only one bank. The credit granted by one bank may

reach the accounts of customers in another bank. There is thus established a claim by the second bank upon the first for cash, and the ability of the second bank to grant loans is improved in so far as that of the first bank is reduced. Over the banking system as a whole therefore, loans and investments made by the banks increase their deposits. There is, however, a limitation on this process. A bank which is actively creating deposits in this way will naturally find that a considerable part of the cheques drawn against them will be in favour of other banks. It will thus lose part of its cash reserve to those banks and must proceed to limit its loan operations if its normal cash ratio is to be maintained. In practice, therefore, no one bank can afford to pursue a policy of creating deposits by making loans or investments which is much out of line with the policies of other banks.

Mr. DUNNING: That is exactly what I said the other night.

Mr. ILSLEY: It is exactly in line with what the Minister of Finance said in his speech the other night.

I believe there is something in what the right hon. gentleman says to the effect that the statement that loans create deposits may mislead some people. There is something in that position, and I have no quarrel with the warning he gave to the house and to the country this afternoon. It is not true that a bank can lend wildly and indefinitely to any class of borrowers, thereby creating a huge amount of credit money which is put into circulation in the dominion. There are two very well understood limitations upon the power of banks to increase credit money: The first is the necessity of preserving an adequate cash ratio, and that has been fully explained this afternoon. The bank must follow the normal banking practice with regard to the preservation of the cash ratio, and if that ratio is too small, there is danger of the bank being called upon to make payment in cash which it cannot make, with the result that it will find itself in trouble. The second limitation is that the loans must be good loans. The loans and investments must be good. If they are not, then the bank will find that its deposits, which are good deposits created by loans, which are liabilities of the bank, will be in excess of the value of the loans and investments, which are assets of the bank, and the bank will be insolvent and will fail, as the Merchants bank failed. My right hon. friend explained that the other night. The right hon. gentleman did not say frankly that he was wrong the other night, as he might just as well have said this afternoon; but after the explanation he has given us today there is not much difference of opinion between the parties in the house with respect to the true nature of banking operations.

[Mr. Ilsley.]

Mr. KUHL: Is it true that the banks of Canada owe the people of Canada between one and two thousand million dollars cash? Have the people that amount on deposit with the banks? That is the first question I should like to ask the minister, and the second is this: If they have that amount, how can the banks pay their obligations to the people if there is less than $300,000,000 cash in the whole dominion?

Mr. ILSLEY: The answer to the first question is, yes. The banks do owe the people of the dominion something over two billion dollars. The answer to the second question is that so long as the banks maintain an adequate cash ratio, they can pay all that in the ordinary course of events they will ever be called upon to pay. That is the practical way of dealing with the situation, and anything else is merely academic and theoretical.

Mr. POOLE: Does that not prove that the banks do create credit; that a loan does create a deposit?

Mr. ILSLEY: Everyone admits that. Everyone says so.

Mr. KUHL: Does that not prove that the banks do create money?

Mr. ILSLEY: I shall answer a reasonable number of questions, but not too many.

Let me now deal with the other statement of the right hon. gentleman, a statement that surprised me. It is not so much a statement, for I do not think I can actually quote it; it is rather the general position he took in reference to adverse and favourable trade balances. Ever since I have been in the house I have heard this matter of adverse and favourable trade balances discussed, and while I am not sufficiently versed in economics or in the theory of international trade to deal at all thoroughly with the position taken by the leader of the opposition this afternoon, I am satisfied that almost any economist would regard with great surprise the touching faith which the right hon. gentleman has in favourable trade balances as a means of enriching a country. The position he has taken seems to be that if we send out more goods and services than we bring in, we are getting rich, and if we bring in more goods and services that we send out, we are getting poor; and that at all costs we must preserve a substantial trade balance.

My understanding is that over a period of time the amount of goods and services exported balances with the amount of goods and services imported, and if there is a tem-

porary trend in one direction or the other, the effect on the currency is very likely to operate powerfully to restore the balance. For instance, if we were to export very heavily in proportion to our imports, there would be a demand by the purchasers of our exports for our exchange, which would cause our exchange to appreciate in terms of the exchange of the countries in which the persons buying our goods live; and when that happens, an adverse influence is set up against our exports. The same is true if we import excessively in proportion to our exports. For the time being there is likely to be a depreciation in our currency, which in turn will encourage exports.

I am sure the leader of the opposition when he came into power in 1930 did not start out consciously to affect the value of our currency by his dumping duties and high tariffs. I followed closely the course of events in those years. I was in this house in opposition, and I think the records will bear me out when I say that his object in raising the tariffs and imposing dumping duties to the exorbitant degree that he did upon goods coming into Canada was to end unemployment—to give work to the people of the country. That is what he said at the time.

Mr. BENNETT: That was one object.

Mr. ILSLEY: We did not hear anything about currency for two or three years.

Mr. BENNETT: Oh, yes.

Mr. ILSLEY: The records are there. The predominant motive, the reason given for the imposition of the dumping duties, was to give work to Canadian citizens—an object which, by the way, did not succeed—and it was not until people became interested in currency matters in 1932 and 1933 that the right hon. gentleman, ex post facto, took credit for having previously looked into the matter and taken steps to maintain our currency. It is an open question whether the maintenance of our currency at the level at which it stood in those years was a good or a bad thing for the country. I always felt, despite the argument to which we have listened this afternoon, that our currency for two or three years during that period was maintained at too high a level, though I admit that there are two views in that regard. As the leader of the opposition said, we were caught between the pound sterling and the United States dollar. As regards certain of our interests, it seemed advantageous to maintain our Canadian dollar at a high level so as to permit those of our municipalities and industries which had payments to make in the United States to make them with greater facility than they could otherwise have done. But from the standpoint of our exporters, who are a very substantial part of the population, it would certainly have been advantageous if Canada's dollar had followed the pound sterling to a greater extent than it did.

Now, sir, I want to deal with two or three statements that have been made. One of them has reference to this $3,000,000 loaned to Saskatchewan. I deal with this because the statements made in the house by the right hon. leader of the opposition—or not so much the statements as the tone in which they were made—seemed to carry the implication of irregularity on the part of the Bank of Canada.

Mr. BENNETT: Not the slightest suggestion of irregularity.

Mr. ILSLEY: Well, they certainly were calculated to disturb public confidence in the Bank of Canada. I say that, having heard the right hon. gentleman on the floor of the house and read his speeches since. I want to refer to that $3,000,000 transaction.

It will be remembered that these loans were made by the Bank of Canada in the spring of 1936. There had been a dominion-provincial conference in December, 1935, which continued into January, 1936. The delegates and this government agreed upon the setting up of a system of loan councils, that is an individual loan council for each province.

Mr. DUNNING: Each of the provinces which desired it.

Mr. ILSLEY: Yes. The essential feature of the loan council scheme was that borrowing and financing generally by the provinces which came into the scheme would be under the control of the dominion government. It was contemplated that there would be a refunding of the obligations of the provinces which came into the scheme. The government undertook to submit to parliament legislation which would establish a loan council scheme. That legislation, or the preliminary resolution necessary for the legislation, was brought into parliament, and if I remember correctly, it was rejected by the senate. But before the legislation was so rejected, and while the Bank of Canada thought, and had reason to think, that a loan council scheme or system was coming into existence, the Bank of Canada made these loans to Saskatchewan, believing that they were making temporary loans. On May 1, 1936, a four and a half per cent bond issue of Saskatchewan, in the amount of

$2,000,000, was to mature. As the old peace, order and good government legislation had expired on March 31, 1936, the dominion government had no power to make a loan to the province to meet this impending maturity. However, the premier of the province, without any prompting on the part of this government or any member of it, consulted the Bank of Canada, and the bank agreed to make a loan of $2,000,000 to the province to enable it to avoid default, on the assurance received from the province that it would introduce the necessary provincial legislation to enable it to enter the loan council scheme, and a further assurance from the Minister of Finance that the dominion government intended to proceed with the loan council scheme. At the same time the Bank of Canada agreed to advance a further $1,000,000 to enable the province to redeem a three and a half per cent issue maturing June 1, 1936. That was the inception of these loans.

The weekly statement of the Bank of Canada for April 30, 1936, shows, under the title Advances to Provincial Governments, a loan of $2,000,000, and the bank's weekly statement for May 30, 1936, shows that the other $1,000,000 loan had been made, as total advances to provincial governments were shown on that date to be $3,000,000.

Mr. BENNETT: That is April 30. I thought the minister said the loan was not made until May 1.

Mr. ILSLEY: The bond issue matured on May 1; the loan was made in time to take care of it, and would therefore show on April 30.

In the monthly statement of October 31, 1936, advances to provincial governments were down by $2,000,000, and the bank's holdings of dominion and provincial short term securities increased by $2,000,000. The weekly statement for November 25 is the last one on which the $1,000,000 is shown as an advance to provincial governments, and in the statement for November 30, 1936, this item disappears and the bank's holdings of dominion and provincial government short term securities increased by $1,000,000.

Mr. BENNETT: Then the bank still held the securities. That is what I want to know.

Mr. ILSLEY: It is apparent, therefore, that the two loans were made as advances for six months under section 21 (1) (k) of the Bank of Canada Act, which section also provides that this type of loan must be repaid before the end of the first quarter after the end of the fiscal year of the provincial government concerned. It is obvious that what the bank had in mind was that within the six months' period the loan council legislation would have been passed and an arrangement completed for refunding the outstanding debt of Saskatchewan as contemplated by the loan council legislation. Had this happened, the bank's loan to the province would have been paid off at maturity as a result of the refunding operation. However, as hon. members know, the loan council legislation failed of passing in the senate, and consequently the province had no means of finding the cash with which to pay off the $3,000,000 owing to the Bank of Canada. The bank's weekly statements show, therefore, that at the maturity of the loans the bank took the province's treasury bills. Is that not the whole story?

Mr. BENNETT: It does not show that; that is the point.

Mr. DUNNING: Yes; the statement shows it.

Mr. BENNETT: I have the statement. It does not show anything about treasury bills.

Mr. ILSLEY: The right hon. gentleman is referring to another point, that the treasury bills of the dominion and of the provinces are not shown separately. I am advised that these treasury bills have a six months' maturity and consequently have been included under the only item under which they could be shown.

Mr. BENNETT: Does the bank still hold them?

Mr. ILSLEY: Yes; as the six months' bills mature, they are replaced by treasury bills running a similar period.

Mr. DUNNING: It was all tabled in the house. It is no mystery.

Mr. BENNETT: There is a little unfairness, though.

Mr. ILSLEY: I want to deal with the question of publicity, because if there was ever a transaction to which the fullest publicity was given it was this transaction. It was thoroughly publicized in this house and out of it.

In the budget speech of May 1, 1936, the Minister of Finance referred to this loan. He said:

The province of Saskatchewan, which has an issue maturing to-day, May 1, has expressed a willingness to participate in the loan council

arrangement and with the understanding that the dominion will proceed with its legislation the province, I am advised, has made arrangements with the Bank of Canada to enable it to meet this maturity.

Then on June 18, 1936, a return was tabled in the house giving copies of the correspondence exchanged between this government and the government of Saskatchewan in regard to the loan to be obtained by the province from the Bank of Canada.

The third time that the matter was referred to in the house was the next year, on April 10, 1937. The minister had been moving the second reading of Bill No. 118, for granting to His Majesty certain sums of money for the public service for the financial year ending March 31, 1938, and after the leader of the opposition had made a statement in connection with this same loan to the province of Saskatchewan, the Minister of Finance made a statement in regard to the whole matter. I do not think it is so long that I should not read it. It may be found on page 2941 of Hansard for 1937.

So we said there would be no more advances to enable any province to meet maturing obligations.

Sir, we applied this policy absolutely and entirely without discrimination. We had applications from all the western provinces. Then, in an attempt to meet the situation, the dominion-provincial conference came to the unanimous decision to adopt a modified loan council idea, and they had our assurance that we would place the matter before parliament. While that process was going on maturities took place in British Columbia, Alberta and Saskatchewan, and I think a small one in Manitoba. It seemed to us that anything that could be done to anticipate the coming into force of the then contemplated loan council legislation, in order to prevent any of these provinces from being the first among Canadian provinces to default, would be worth while. But of course in order that it might be effective the province concerned necessarily had to consent to take advantage of the loan council plan. British Columbia said, no; British Columbia got no advance to meet its maturity. Alberta said, no; Alberta got no advance to meet its maturity. Manitoba said, yes, conditionally; we were not in a position to accept conditions, and Manitoba got no assistance. Saskatchewan said, yes, we will go in. But by the time they said yes, this government had no authority from this parliament to loan money for that purpose. The old peace, order and good government legislation had expired and we had no authority. They went to the Bank of Canada, and the Bank of Canada, without being prompted by this government in the slightest degree—in fact I had no knowledge of the initial negotiations—expressed a willingness to advance the money to save default, provided it had satisfactory assurance from the government of Saskatchewan that it would introduce the necessary provincial legislation to enable that province to enter the loan council scheme, and provided that the bank had assurance from the government of Canada that it intended to proceed with the loan council scheme. Saskatchewan gave the necessary assurance. Naturally we also gave the assurance, and the funds were advanced to Saskatchewan by the Bank of Canada to meet that maturity. Were it not for that particular instance there would be no question of misunderstanding between the leader of the opposition and myself. To him the history of that transaction involves discrimination against the other western provinces. To me it does not, because I have been conscious of nothing throughout this whole difficulty more than a desire to treat each of those provinces absolutely equitably. When I say equitably, I do not mean equally. Equal treatment is impossible. Equitable treatment is possible, and I maintain has been extended by this government since we came into office. What do I mean by equitable treatment? I mean the establishment of a principle which is available to all, which applies equally to all, and which depends for its working upon acceptance by each.

The right hon. gentleman went further in his speech the other night and made an attack on the changes which were made in the form of the weekly statement of assets and liabilities of the Bank of Canada. He made a strong point of that and dealt with it at considerable length, and I want to reply to what he had to say.

Mr. BENNETT: That was done by the government, not by the bank.

Mr. ILSLEY: Yes; the governor in council did it under the authority of the Bank of Canada Act. The reason authority was given in that act was that we had not had any experience with a central bank in this country. The framers of the act realized—I assume the right hon. gentleman himself was the framer of the act—that it might not be possible to draft a form which should not be changed. It would have to be changed to meet changing conditions, in the light of the experience of the bank. That was why provision was made for change in the weekly statement of assets and liabilities. The old form will be found in the copy of Hansard which contains the speech of the right hon. gentleman, and I should like to place the new form on Hansard now without reading it.

Mr. BENNETT: I gave the new form, but go ahead.

Mr. ILSLEY: Only by parts. To get it all together I shall put one of these forms on Hansard:

Bank of Canada

Statement of Assets and Liabilities
as at Wednesday, March 16th, 1938

Liabilities

1. Capital paid up		10,100,000 00
2. Rest fund		1,348,414 47
3. Notes in circulation		150,275,876 65
4. Deposits:		
(a) Dominion government	23,311,408 70	
(b) Provincial governments		
(c) Chartered banks	193,513,781 45	
(d) Other	2,553,440 12	
Total		219,378,630 27
5. Sundry liabilities payable in sterling, U.S.A. and foreign gold currencies		
6. All other liabilities		2,439,166 07
Total		$383,542,087 46

Assets

1. Reserve:		
Gold coin and bullion	180,013,989 22	
Silver bullion	2,992,623 24	
Sterling and U.S.A. dollars	23,289,750 44	
Other currencies, of countries on a gold standard	419 54	
Total		206,296,782 44
2. Subsidiary coin		188,919 55
3. Bills discounted		
4. Advances to:		
(a) Dominion government		
(b) Provincial governments		
(c) Chartered and savings banks		
Total		
5. Bills bought in open market not including treasury bills		
6. Investments:		
(a) Dominion and provincial government short term securities	120,100,824 82	
(b) Other dominion and provincial government securities	41,224,572 60	
(c) Other securities	12,233,292 95	
Total		173,558,690 37
7. Bank premises		1,341,796 32
8. All other assets		2,155,898 78
Total		$383,542,087 46

Ratio of net reserve (Item 1 of assets less Item 5 of liabilities) to notes and deposit liabilities: 55·80 per centum.

I want to show what changes were made, and why they were made. There were about half a dozen changes in all, not only the two that the right hon. gentleman attacked; that is, the union of sterling and United States funds and the union of dominion and provincial treasury bills. Those were not the only changes that were made. In dealing with the reserve, which is the first item, not only was this word used as a heading, but it appeared against three of the five items under the heading. This was unnecessary, and it was therefore deleted. That was the first change made. The second was this: The headings for sterling and United States funds were amalgamated under the single heading "Sterling and U.S.A. dollars." The right hon. gentleman said that was a wrong thing to do, because the public ought to know how much the bank had invested in sterling and how much it had invested in United States dollars. But there is a good reason why the public should not know that. The reason is just this, that speculators in these exchanges, studying the operations of the Bank of Canada and seeing that they were going out of sterling into United States dollars or going out of United States dollars into sterling, as the case might be, were in a position to get knowledge of the opinion of the Bank of Canada as to the trend or probable trend of these currency markets. That was the reason. To leave those separated as they were would be to give the speculators something by which they could guide their operations and anticipate transactions. That was the reason, and the only one.

Mr. BENNETT: Likewise the business men of the country.

Mr. DUNNING: What right have they to get special information?

Mr. BENNETT: All the right in the world.

Mr. ILSLEY: It is not the purpose of the Bank of Canada to give business men knowledge of what it has bought or sold in the way of sterling or United States funds.

Mr. BENNETT: The sole purpose of the act was to serve the business people of the country.

Mr. ILSLEY: The purpose is set out in the preamble of the act, and it is not an information bureau for speculators, whether they are business men or anybody else. That was what it tended to be, with the other heading.

Mr. BENNETT: Had there been any evidence of speculation?

Mr. ILSLEY: I do not know about that, but certainly that was the trend of the thing.

Mr. BENNETT: Sir Thomas White, in his dissenting judgment, was particular to point out just that difficulty. He said, "should our bank funds be left in the hands of men like ourselves, without our knowing anything about it?" The hon. gentleman will remember his dissenting judgment with respect to this very point.

Mr. ILSLEY: I do not think Sir Thomas White was dealing with a situation like this. The third change that was made was this: the wording of the last item was incorrect. It read, "Reserves in funds of other countries on a gold standard," which might have implied that sterling was a gold standard currency. It was therefore altered to "Other currencies, of countries on a gold standard." I do not think that was attacked. In the old return there were no less than four sub-headings to bills discounted: Commercial bills, agricultural bills, etc., dominion government treasury bills and provincial government treasury bills.

Mr. BENNETT: They followed the statute in that regard, as to the power of the bank.

Mr. ILSLEY: But the statute did not provide that they must show those four categories. As the bank had hitherto held no discounts, did not anticipate having any, and still has none, it was thought unnecessary to subdivide this item until need should arise. I do not know whether or not the right hon. gentleman attacked that, but that was the reason for the change.

The fifth change was this: It had been observed that should the Bank of Canada make an advance to one of the Quebec savings banks, which was possible under the act, there was no place under heading No. 4 where it could be entered. The heading was therefore altered from "Chartered banks" to "Chartered and savings banks." Under item No. 6, "Investments," one item was made of all dominion and provincial government short term securities.

Mr. BENNETT: So we are no longer able to know what advances are made to the provinces.

Mr. ILSLEY: Quite. That is the point the right hon. gentleman stressed the other night, perhaps I should say with a rather sinister accent.

Mr. BENNETT: This is the first time accents have been the subject matter of discussion in parliament.

Mr. ILSLEY: This change was considered advisable, as otherwise if only one province were borrowing from the bank at one time, as indeed would be the usual case, the affairs of that province might receive undesirable publicity. I want to point out that the right hon. gentleman was trying to leave the impression the other night, and I think he stated in so many words, that the change was made to cover up this transaction.

Mr. BENNETT: The statement just made indicates that to be so.

Mr. ILSLEY: Not at all, because this transaction was given the fullest publicity six months before, as well as later. I have given the three respects in which this parliament was given full information as to this particular transaction, so this change could not have been made to hide that transaction. I think that follows. I suppose if we had a large transaction in the future, an important transaction such as this, the same publicity would be given to it; but if the Bank of Canada reached the position where it was making small loans or frequent loans to the provinces, is it in the public interest that the other provinces which are dealing with the bank should know what the financial transactions are between the Bank of Canada and the provinces? They certainly do not have it now when they go to a commercial bank.

Mr. BENNETT: The Bank of Canada declined to do anything for Ontario, and the very point I make is just what the minister has said, that it enabled this to be covered up. Now it is no longer apparent to anyone that a loan has been made to a province; still there is $3,000,000 due to this bank from Saskatchewan, and it is the only province which owes the bank money.

Mr. ILSLEY: It was given the fullest publicity; therefore that could not be the motive or reason. The point is that the charge against the bank, that the bank did this to cover up something, certainly is not borne out by the record. The bank considers that in the matter of publicity, as in so many other things, moderation should be the objective. It considers that the present form of the bank return meets all reasonable requirements. Indeed, even in its present form the return probably discloses as much, if not more, information in regard to the bank's operations than is the case in any other central bank in the world.

I want now to refer briefly to another matter. The leader of the opposition challenged members of the government to show

any respect in which control over the Bank of Canada is any greater under the present legislation than it was under his legislation.

Mr. BENNETT: Over the practice and operation of the bank.

Mr. ILSLEY: If the right hon. gentleman is talking about interference in the routine operations of the bank, I think he is right. I do not believe his government, or this one, has interfered. But in regard to control and the power to direct policy, the power to map out a policy for the Bank of Canada, there has been all the difference in the world.

I want to point out three respects in which our banking legislation differs from his. The first is that the government now owns 51 per cent of the stock, and thereby assumes voting control. The second is this: Under his administration the directors were selected by the shareholders. Now the majority of the directors is nominated by the government, and the arrangement is such that at all times the government directors have a complete majority over the other directors, and the governor and deputy governor of the bank. So that the bank is at all times under the control of the government appointed directors. That is the second respect—

Mr. BENNETT: That is the theory of it.

Mr. ILSLEY: —by which control has passed from privately selected directors to government selected directors. The third respect is most important, because the right hon. gentleman pointed out the other night that the decisions of directors and the executive committee have been and are subject to the veto of the governor. That is an important section of the act. I have it before me, and so that there may be no misunderstanding I shall read it. The section in the original act was in these words:

14. No action or decision of the board of directors, or of the executive committee, shall have any effect unless the same is concurred in by the governor, or in his absence or incapacity, by the deputy governor.

Mr. DUNNING: That was the wording in the original act.

Mr. ILSLEY: Yes. We changed that so as to subject the veto of the governor to revision and, if necessary, to reversal, by the governor in council. That is the most vital change to be considered, when one talks about control of the bank. Because of its importance I shall read the new section 14:

14. (1) The governor, or in the event of his absence or incapacity the deputy governor only, shall have power to veto any action or decision of the board of directors or of the executive committee, and if this veto power be exercised, the governor or deputy governor, as the case may be, shall within seven days inform the minister in writing of the circumstances and the minister shall submit the veto to the governor in council who may confirm or disallow the veto.

(2) Any director or member of the executive committee may inform the minister in writing of his view of the action or decision in question, which view shall also be transmitted to the governor in council.

So as a result of this, the institution is now, what it was not before, publicly controlled.

Mr. BENNETT: Has the power of veto ever been exercised?

Mr. ILSLEY: No; it has never been reversed, and I do not think it has ever been exercised.

Mr. DUNNING: The governor has not exercised the veto power, up to date.

Mr. ILSLEY: The right hon. gentleman dealt with the Exchange Fund Act the other night, and asked what had happened to the $63,000,000. The most curious thing is that when one comes to read the Exchange Fund Act, he will find that he cannot tell anybody what happened to that $63,000,000.

Mr. BENNETT: That section has never been proclaimed. The administration of the stabilization fund comes into effect only by proclamation of the governor in council, and that proclamation has never been made. Certainly the minister can tell me where the $63,000,000 is.

Mr. ILSLEY: Under paragraph 2 of section 4 of the Exchange Fund Act it is definitely provided that the provisions of the Consolidated Revenue and Audit Act are not to apply to the exchange fund account. Among other things, this means that it is not to appear in the public accounts during the period of its operation. Section 9 of the act provides that an annual audit of the account shall be made by the auditor general in such manner as he thinks proper, with a view to ascertaining whether the transactions in connection with the account have been in accordance with the provisions of this act.

Mr. BENNETT: I do not wish to interrupt the minister, but may I point out that the exchange stabilization fund has never come into being. There is none. The government has never availed itself of the provision by making a proclamation that it is in force.

Mr. DUNNING: That is quite right, but the $63,000,000 is in existence.

Mr. BENNETT: We have a right to know about it. The audit act applied only to stabil-

ization, and at the government's initiation, so that if an operation were carried on the auditor general would know. The minister has assumed that this provision is in force, but it is not.

Mr. ILSLEY: The right hon. gentleman was told the other night that the $63,000,000 is in existence.

Mr. BENNETT: I want to know where it is.

Mr. DUNNING: You did not want to know where it was.

Mr. BENNETT: I want to know what it has been used for.

Mr. ILSLEY: It is in the hands of the government.

Mr. BENNETT: Where?

Mr. ILSLEY: And it is intact.

Mr. BENNETT: I never questioned its intactness. I want to know if it is available for purposes of accounting, or if it is in the consolidated revenue fund, or where it is.

Mr. DUNNING: Under the law it must be in the bank.

Mr. BENNETT: The Bank of Canada?

Mr. DUNNING: Yes. The law has been followed in every particular.

Mr. BENNETT: We put that provision there, at any rate, and I remember the Minister of National Defence (Mr. Mackenzie) making an observation on that occasion.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill 39, respecting the Dominion Association of Chartered Accountants.—Mr. Plaxton.

Bill No. 54, for the relief of Mary Lorraine Ward Williamson.—Mr. Plaxton.

Bill No. 55, for the relief of Lyall Gibson Hodges.—Mr. Bothwell.

Bill No. 56, for the relief of Esther Lazarovitch Cohen.—Mr. Jacobs.

Bill No. 57, for the relief of Dorothy Reaves McMartin.—Mr. Jacobs.

Bill No. 58, for the relief of Mary Dorothy Picard Whitcombe.—Mr. Plaxton.

Bill No. 59, for the relief of Emil Kastus.—Mr. Jacobs.

Bill No. 60, for the relief of Eva Fleming Hislop.—Mr. Betts.

Bill No. 61, for the relief of Sigmund Oravec.—Mr. Walsh.

Bill No. 62, for the relief of Robert Parry.—Mr. Jacobs.

Bill No. 63, for the relief of Nacha Ferzt Klajner (otherwise known as Nora Firstenfeld Klein).—Mr. Walsh.

Bill No. 64, for the relief of Leonora May Howard.—Mr. Walsh.

Bill No. 68, for the relief of Annie Elizabeth Climie Adams.—Mr. Jacobs.

Bill No. 69, for the relief of Margaret Alice Mizener.—Mr. Walsh.

Bill No. 70, for the relief of Frances Dorothy Scott Skinner.—Mr. Emmerson.

Bill No. 71, for the relief of Esther Rotman Resnick.—Mr. Jacobs.

Bill No. 72, for the relief of Dorothy MacFie Safford Dale.—Mr. Jacobs.

Bill No. 73, for the relief of Alice Temple Jamieson Adair.—Mr. White.

Bill No. 74, for the relief of Gladys Kathleen Crook O'Sullivan.—Mr. Emmerson.

Bill No. 75, for the relief of Geraldine Estelle Bamford.—Mr. Jacobs.

Bill No. 76, for the relief of Charles Marie.—Mr. Ross (St. Paul's).

Bill No. 77, for the relief of Rosamond Cheriton Stoyle Macdonald.—Mr. Jacobs.

NIAGARA FALLS OBSERVATION BRIDGE COMPANY

The house resumed from Friday, March 25, consideration in committee of Bill No. 15, to incorporate The Niagara Falls Observation Bridge Company—Mr Damude—Mr. Sanderson in the chair.

On section 8—Power to construct bridge.

Mr. CHURCH: Mr. Chairman, while perhaps it would be better for me to make my observations on the third reading of this bill, I shall take only four or five minutes tonight. The principle of this bill has been before the house on nine different occasions, from 1923 to 1935 when other bridge bills were before us. I am not opposing the principle of this bill. I am in favour of the principle of public ownership of bridges of this kind between the state of New York and the province of Ontario. They should be publicly owned and publicly controlled. When the Sarnia bridge bill came before the house, Sir Henry Thornton was represented before the committee and proposed that the Canadian National Railways should have the ownership and control of all such international undertakings as feeders for this railway. The

Niagara district is one of our great tourist districts, and that great park of the Niagara parks commission stretching from lake Erie to lake Ontario, with all the future bridges between the state of New York and the province of Ontario, should be publicly owned and controlled, and free of tolls as a gesture of good will and an aid toward friendly relations. It is a great credit to the government of Sir Oliver Mowat that started that great park; that he bought all that land and developed it as a park, and under the chairmanship of the late Mr. P. W. Ellis the parks commission went ahead and did a great development work for many years, now extended very well by the present government.

I should like to hear from the sponsor of this bill whether there will be any variation from the principle I have described of public ownership in connection with this bridge. I attended a meeting of the railway committee and there was considerable discussion over this bill. Notwithstanding what was said the day before in this house about a lobby, I saw the biggest lobby I have ever seen before the committee when this bill was being considered. I should like to know if the principle of public ownership is going to be preserved in connection with this bridge or will the bridge be handed over or leased later on to somebody else? Will the government have absolute control over the rates and tolls? For fifteen years I have contended for public ownership of all these bridges in connection with the nine similar bills that have been before this house. The tourist traffic in the Niagara district is becoming so great, with a continual flow of motor cars crossing, that I do not know how it is going to be handled. I admit that the present Ontario government deserve credit for the way in which they have developed that area, and the Conservative government before them did some good work under Mr. Ellis, as chairman of the parks commission, so there is enough credit to go all around.

I do not like the hide-and-go-seek features of this bill. We had several bills for bridges across the St. Lawrence at various places, and one at Sarnia, and another at Windsor, and in my opinion it would be far better if New York state and the Ontario government built this bridge, and owned, controlled and operated it. When one sees the cars lined up at the Peace bridge, waiting to pass the customs and immigration inspectors, would it not be better if this new bridge would be free of tolls? It is different with the tourist traffic at Lewiston and Queenston on the steamer Cayuga, because the passengers can pass through Lewiston or Queenston in a minute or two, but the congestion on the Peace bridge is intolerable from inspection of customs and immigration officers. Both governments should cooperate in building and owning and controlling this bridge, and free it of tolls. It affords the greatest opportunity that I know of for a demonstration of good will between the two countries. The government of Ontario have spent a lot of money well and some foolishly, but undoubtedly on the whole they have done very good work in the Niagara Falls district, and the Niagara parks commission deserves great credit. The promoter of this bill has no doubt given a great deal of study to the question, and I should like to know from him whether this property will be handed over for construction and operation to the Niagara parks commission and whether the rights of the city of Niagara will be preserved, so that there will be no abuse of this legislation.

On the other bills to which I made reference earlier in my remarks were Bill No. 42, to incorporate the Port Huron-Sarnia bridge in 1928; Bill No. 79, incorporating the Niagara Falls memorial bridge in 1927, and Bill No. 22 of the same year, I took the same stand, and by the way I might say that some of the other bridge franchises were peddled all over the north American continent, and in Wall street and among the banks, the franchises were for sale after they had been secured from parliament. All Ontario governments of both parties have done splendid work in connection with the development of the Niagara park area since it was created by the government of Sir Oliver Mowat in the late eighties. The tourist traffic is going to develop by leaps and bounds with the popularity of the motor car, and in my opinion there should be no tolls at all on the bridge. Tolls are just a relic of the ox-cart days. The bridge should be publicly owned and controlled in the interests of the people. This parliament has control of all bridges that are international, interprovincial, or that affect navigation. If we have all the necessary safeguards now in the bill, I shall not oppose it.

We cannot visualize the future traffic that will go over that bridge with the development of the motor bus. The steamboat business is not what it used to be; they have only one boat the Cayuga, on that river; at the other end of lake Erie conditions are a little better. I should like to hear from the sponsor of the bill and from the Minister of Railways what is the policy of the government. What is the policy of the Minister of Railways on behalf of the government with regard to this bill? He sat on the committee, at the head

of the table; he may not have been asked for his opinion. But I asked the same question in the railway committee, of which I was a member when nine other bills were up. Will the result of this legislation be to interfere with the traffic of the national railways or its assembly of traffic there? Will it affect the future development of the national railways if they go into the motor bus and motor truck business? How does the minister's policy coordinate with the principle of public ownership and control of this bridge as proposed by the Ontario government? I think we should know, because the railways are interested in this matter and represent, with their main and branch lines, an important investment in the Niagara district. They have a railway and a steamboat running from Toronto right to the edge of the falls by Port Dalhousie within a few yards of the site of the bridge. What is the policy of the government? Will it interfere with the Niagara, St. Catharines and Toronto railway, virtually a bankrupt concern with a lot of old boats running across the lake? I should like to know what is going to be done if this bill is passed? Are we going to see this bridge sublet or leased to some outside body later? Shall we have real ownership, such as I proposed in connection with the nine bills twelve or thirteen years ago? If the Ontario government policy is along that line, I am in favour of it; if not, I am opposed to it. I should like to hear from the Minister of Railways.

Mr. HOWE: I have a letter from the minister of highways of Ontario advising me definitely that this is a bridge of the Ontario government. As far as interfering with any railroad plans, it does not affect them in the slightest. I am entirely in favour of the passage of the bill.

Mr. MacNICOL: May I ask the minister if the parks commission itself could not apply for a permit to build the bridge?

Mr. HOWE: I am advised that the crown in the right of the dominion cannot issue a permit to the crown in the right of a province. I believe the Minister of Justice has ruled to that effect. I understand that the way in which projects of this kind, where governments are interested, are usually undertaken, is by a private bill to individuals under the fathership of the province.

Mr. MacNICOL: The incorporators or directors under the private bill have, then, to surrender their rights to either the Niagara parks commission or the local government, have they?

Mr. HOWE: I have the assurance of the minister of highways that that will be done; that these men have agreed with the Ontario government that they will surrender their rights to the province at the proper time.

Mr. MacNICOL: Well, then, the province would be in possession.

Mr. HOWE: Yes.

Mr. DAMUDE: The minister has dealt with most of the points brought forward by the hon. member for Broadview, but there are one or two other matters that probably it would be well for me to mention at this time. With respect to the authority of the bridge committee, I understand it is provided that there will be a six member authority set up by the province of Ontario and likewise six members of a commission nominated by the state of New York to operate the bridge; and the men whose names appear have, as the minister has stated, assigned their interests to the Niagara parks commission.

Another question that was raised by the hon. member is covered in clause 20. If he will turn to that clause, he will find that provision is made there for the transfer of the bridge to the state of New York and the province of Ontario when the bonds and debentures are retired.

The other evening the leader of the opposition raised a point in connection with the terms of the bill which provide for the construction in the state of New York. In that regard I would refer to chapter 59 of 1933, an act to incorporate The Sarnia-Port Huron Vehicular Tunnel Company, the wording of which is similar to the wording of this bill; also to chapter 55 of 1930, an act incorporating The Cornwall Bridge Company; to chapter 58 of 1928, an act to incorporate The Detroit River Canadian Bridge Company; to chapter 64, an act to incorporate the St. Clair Transit Company; and to chapter 65, an act to incorporate the St. Lawrence River Bridge Company. The powers given by the Canadian act and the United States act are only complete when both have been passed by the parliament of Canada and the assembly of the state of New York. Probably this will clear up the matter raised by the leader of the opposition.

Mr. MacNICOL: Is the bridge to be tax free?

Mr. DAMUDE: I understand that as far as taxation is concerned, it is a provincial and municipal matter; that there is no provision in the bill whereby the government have any authority to designate any taxation. I am given to understand that if the bridge were

built by the province of Ontario and the state of New York, it would probably be impossible to have it assessed; but under present circumstances the position is similar, indeed practically identical, with the authority issued to operate the bridge across the Niagara river between Buffalo and Fort Erie. In that case the assessment of Fort Erie has been on a sliding scale; as the bonds are retired the assessment is reduced. The Fort Erie bridge paid Fort Erie the sum of $50,000; during the last ten years it has been reduced to the amount of $35,000, and I understand it will be further reduced as the bonds are retired. So that so far as the city of Niagara Falls is concerned, the province of Ontario, I am assured, will have no objection and will see that that municipality receives an assessment on this property.

Mr. BENNETT: I am bound to say that I believe the hon. gentleman will find that we are doing something for which we have no legal warrant. I am perfectly aware of what he has pointed out with respect to other companies and what has been done with them. One related to a tunnel, the other three to bridges. We had occasion to point out to some of the gentlemen who were interested that they would have some difficulty in dealing with this; and if the hon. gentleman will look at the preamble of the bill—it has not yet been passed, but I may be permitted to refer to it—they have prayed for the right to construct and maintain and operate a bridge across the Niagara river into the city of Niagara Falls in the state of New York. It is perfectly clear and does not require any argument from a lawyer to point out that this parliament cannot give anyone power to build a bridge in New York state. The second point is that section 8 in its terms purports to do that very thing. That is the section now under consideration.

8. The company may construct, maintain and operate a bridge across the Niagara river—

After it gets to the centre of the stream it is in the United States territory.

—for the passage of pedestrians, vehicles, carriages, electric cars, street cars and other like purposes with all necessary approaches, roads and works, from a point between a point north of the present Upper Steel arch bridge and the north limit of Bender street in the city of Niagara Falls, in the county of Welland, in the province of Ontario, to a point in the city of Niagara Falls in the state of New York, one of the United States of America, north of the present upper steel arch bridge, and may purchase, acquire and hold such real estate, including lands for sidings and bridge heads and other equipment required for the convenient working of traffic to, from and over the said bridge as the company thinks necessary for any of the said purposes; but the company shall not commence the actual construction of the said bridge nor exercise any of the powers hereunder, until an act of congress of the United States or other competent authority in the United States of America has been passed authorizing or approving such bridging of the said river, but the company may, in the meantime acquire the lands, submit their plans to the governor in council and do all things authorized by this act.

I submit to the Minister of Justice that it is quite clearly beyond our powers here; and all the others have been in exactly the same position. I can clearly recall the authorities, but I am not going to weary the committee with discussions of that sort. Surely, however, we must not endeavour to exceed our legislative jurisdiction with respect to an international matter. When, in 1935, the time for completion of the Sarnia bridge was being extended, the language used was quite clear:

The construction of the said subway or tunnel shall be commenced within one year after the governor in council and the executive of the United States of America have approved . . .

Under this measure the governor in council is to approve the plans, and that is all. But how can the governor in council approve plans for the state of New York? The matter should be faced frankly. There is no getting away from it that we are exceeding our legislative jurisdiction in what we are doing, and it will be only a nullity when it is encountered in reality.

Mr. McLARTY: Does my right hon. friend not think there might be properly drawn a distinction, which is apparently drawn by this bill, between the attempt, on the one hand, to create an extraterritorial right and, on the other, to clothe the corporation with capacity to take advantage of such extraterritorial right as the foreign country might allow it to avail itself of?

Mr. BENNETT: There would be no difficulty if that were the position, but that is not it. If the hon. member will turn to section 8, and to the preamble as well, he will find that the real difficulty lies in the fact that we are not incorporating a company to build within our jurisdiction; we are authorizing the building of a bridge outside Canada.

Mr. McLARTY: Are we not clothing a corporation with capacity to construct a bridge rather than to build extraterritorially?

Mr. BENNETT: The distinction that the hon. member has made is quite clear, and it is one that is well recognized, the distinction between capacity to do a thing and the authority to do it.

Mr. McLARTY: The right to do it.

Mr. BENNETT: I use the word "authority" as meaning right—the right to do it, yes. Unfortunately, however, section 8, with which we are now dealing, purports to authorize this company not only to have capacity to build but also to have the right to exercise that capacity.

Mr. McLARTY: I do not want to interrupt my right hon. friend, but does he not think that the whole section is qualified by the words in the last eight or nine lines which provide that the company shall not commence construction without the appropriate consent from the other side?

Mr. BENNETT: That is quite clear, but it is a grant the condition of which nullifies the power of the grant.

Mr. McLARTY: Except that the word "may" is used.

Mr. BENNETT: We undertake to give them the power to construct a bridge across a river, only a part of which is ours. We may confer upon them capacity to do something and that capacity can be exercised only if, as and when some other authority gives them power to exercise it. But that is not the case here, for this parliament cannot clothe any body that it creates with the power to do something in another country. It may give it capacity to acquire and hold, but cannot confer upon it capacity to do; and we are undertaking to clothe it with capacity to do.

Mr. McLARTY: I suggest it is more a right to do it, a capacity to do it subject to appropriate consent being given by the foreign jurisdiction that has power to give it. As regards the right to do it, we are not conferring that in this bill except to the extent that that right may be exercised in conjunction with the legislative authority of another country. In other words, we are merely clothing the corporation with capacity.

Mr. BENNETT: I merely point out that in this case, whether we intend to do it or not, we are saying that this parliament of Canada is going to exercise its powers conditionally upon someone else permitting it to do so; and that somebody else is outside the country.

Mr. BERTRAND (Laurier): What does the right hon. gentleman suggest—that we build half the bridge?

Mr. BENNETT: I suggest to the hon. gentleman that it will serve no purpose for him to become facetious.

Mr. BERTRAND (Laurier): We want to know what the right hon. gentleman has in mind.

Mr. BENNETT: What I have in mind it would be difficult to explain to the hon. gentleman, but I may express it in this way. We can exercise to the full our jurisdiction, which is to create a company with power to construct a bridge to the full extent of our territorial jurisdiction; the state of New York will do the same with respect to its part of the bridge, and the two under the provisions of the act will amalgamate into a bridge company.

Mr. BERTRAND (Laurier): That is probably what will happen, but there is nothing wrong in this parliament incorporating a company with the right to go to New York and ask for permission to build a bridge there. That is all the bill says.

Mr. BENNETT: If that were all it said, I would not be standing in my place. Perhaps the hon. gentleman will do me the justice to look at section 9. It is provided that the bridge "shall be constructed and located under, and be subject to, such regulations as the governor in council prescribes". In the case of the Sarnia bridge it was made clear that it was subject to the joint approval of the United States authorities on the one side and the Canadian authorities on the other. Does the hon. gentleman think the legislature of the state of New York would ever become a party to the governor in council authorizing or empowering any body to determine plans for erecting a bridge in that territory?

Mr. BERTRAND (Laurier): In the state of New York there might be another corporation incorporated to act in conjunction with this one, but it is not necessary that the company in New York be authorized to build a bridge to the middle of the river and that our corporation should build the other half of it. These are only possible powers, and if the right hon. gentleman wants to insert the word "joint"—because that is what he means —for my part I would be agreeable. I only wanted to know what he had in mind.

Mr. BENNETT: I am not going to spend my time and effort in doing more than point out the situation as I see it. I am not concerned about the matter except to do my duty, and having done that, my responsibility as a member of parliament rests. I have no responsibility for nor interest in the bridge, but I have an interest in all legislation that goes through the house; and the legislation to which my hon. friend referred a

moment ago is, I still say, not legislation that this parliament can validly pass. I do not know who is responsible for the legal side of this matter, but it should have been provided that there should be joint action on the part of the executive of the United States on the one hand, and of Canada on the other. This bill provides in terms the exact opposite, makes the plans subject to the approval of the governor in council, and provides that the bridge shall land in the state of New York. We would not tolerate the erection in our country of a bridge the plans of which were to be approved by the United States authorities. Equally they will not approve of something that is to be done here without reference to them. The language of the bill introduced by the hon. member for Lambton West (Mr. Gray) made provision that there should be a recognition at once of the limit upon our jurisdiction. I have never had any doubt about the question of our capacity. For instance, we have created companies time out of mind with power to own a Peru coal mine, if there be such a thing. The capacity to own something in a foreign country is, of course, subject to the laws of that country. We have recognized those laws. But this bill is for the incorporation of a company to build a bridge entirely across the river, and that power can be exercised only by some other body granting a similar power with respect to its part of the territory. All that is necessary with respect to these measures is to say that they may do so and so within the territorial boundaries of Canada.

Mr. VIEN: But we did. The very same words are used in three statutes that we have already passed.

Mr. BENNETT: That we passed years ago.

Mr. VIEN: In 1928. In the state of New York when a similar bill was being introduced they used the very same language, and no exception was taken either in this house or in the state of New York.

Mr. BENNETT: I assure my hon. friend I have not raised the question for the first time. I assure him further that the fact that the question has not been raised does not in any case indicate validity. For twenty-five years the Lemieux act stood undisturbed; then it was challenged in the courts, and fell. I am only pointing out that this parliament has no jurisdiction to confer upon a corporation which it creates a right to be exercised beyond the territorial boundaries of Canada. It has power to create a corporation with capacity to hold and to own subject to the laws of the country in which it exercises those powers, and this bill provides for that. But it does not recognize the fact that we have no power to create and construct beyond our territorial jurisdiction.

Mr. DUPUIS: Was there not an international bridge commenced or completed during the previous regime, between 1930 and 1935?

Mr. BENNETT: There was one authorized. It was not completed.

Mr. McCANN: Would this parliament be competent to pass this bill if the legislative body of the state of New York had already passed a bill giving its permission?

Mr. BENNETT: It would depend upon the terms of that act. Also, the form would not be what it now is.

Mr. McCANN: The reason I ask is that I think it was contemplated that before this private bill reached this parliament, the legislative assembly and the senate of New York state would already have passed a bill similar to this giving its permission.

Mr. LOCKHART: In trying to listen to the observations of some previous speakers, I found it sometimes difficult to follow them because of noise in the chamber. But I have a few observations to make regarding this bill. I asked some questions in the standing committee regarding clause 8—and I believe the leader of the opposition has dealt with that and the point has been fairly well covered —that is, the right to construct not only in the province of Ontario but also in the state of New York. That is one feature of the bill which I could not understand.

The bill deals with a bridge to cross the international boundary. We have been told both in the standing committee and here that the New York state assembly passed a bill similar to this, but the senate threw it out. We are also told that the New York state assembly will probably not convene again this year, although there were some witnesses before the standing committee who said that it might be possible to convene a session next fall.

Clause 8 gives almost unlimited powers to those seeking this charter. But turning to the evidence given in the standing committee, I want to refer to this remark that was made by the hon. member for Welland (Mr. Damude):

> This bill appears in my name, and is situate in the constituency I represent. I am very much interested in the passing of the bill, because I feel it is very much in the public

interest. We are now in the position where there is a difference between a public authority and the owners of the old structure; therefore I would move that the bill be recommended.

I do not want the hon. member for Welland to feel that these remarks of mine have any personal reference, because I have known the hon. member for a long time and I believe he is presenting this bill in the form in which it has been prepared for him. But there are some phases and some ramifications which I think have been overlooked. I recall that in the standing committee the Hon. Mr. McQuesten pointed out that a resolution had been passed by the council of Niagara Falls, Ontario, authorizing the erection of a publicly owned bridge. I hope that anything I have to say will not be misconstrued as indicating that I am either a friend or a foe of public ownership. I think anyone who lives in the Niagara peninsula will realize that public ownership if properly managed is one of the greatest assets that this country can possess, so long as political interference does not enter in. Let me read again the authority which was read by the Hon. Mr. McQuesten. It was printed in the newspapers of my constituency and in all the press of the Niagara peninsula, and it says:

On January 31 the city council passed the following motion, presented by Alderman George Inglis and Alderman Grant Donald:

"Be it therefore resolved that this council petition the government of the Dominion of Canada to grant a charter to the Niagara Falls Observation Bridge Company in accordance with the application which the Niagara Falls Observation Bridge Company now has before the parliament of Canada, as soon as same can properly be done, so that construction of a new bridge can be proceeded with and an extreme condition remedied as soon as possible."

That was passed on January 31 of this year. When this bill was presented to this house and the committee began to work on it, I commenced to receive inquiries, when I went home for the week end, asking what was developing in connection with this bill. In the same press report His Worship Mayor Hanniwell of Niagara Falls is quoted as questioning the advisability of endorsing any company's application for a bridge. The report states that the sponsors of the motion contended that it did not commit the city to support of any particular company. The motive behind the resolution, it states, was merely to facilitate the early erection of a bridge. The report goes on:

"I think Hon. McQuesten is reading into that resolution a meaning that was never intended," his worship said. Reiterating the statement he has made several times since the Falls View bridge collapsed, Mayor Hanniwell said he didn't care who builds the bridge, so long as it is erected as quickly as possible, and this city receives taxation from the span and its property.

That is the part to which I should like to direct the attention of this committee. I also find that one of the newspapers on the United States side, the Niagara Falls Gazette, in its issue of March 22 says:

The fate of the bridge bill at Albany is but another example of what happens when government essays to do business for the people.

I shall not read it all, but it concludes in this way:

The New York legislature adjourned without action. It is likely the Canadian provincial parliament will do likewise. Meanwhile business men on the Canadian and American sides of the river will anxiously await the reconstruction of the Falls View bridge and the resumption of international traffic which meant so much to them.

That is the part on which I want to place particular emphasis, and it is largely on this that I want to base my remarks. These reports, I think, represent the opinions of the people at large in the constituency which I represent and in the city of Niagara Falls. In another press report, with which I shall not burden the committee, the question was asked, "What about the meeting on March 26?" I raised that question also in the committee, and the only answer I received—I think it was from a member representing one of the York constituencies—was that it had no bearing on the matter. When I was home the last week end, I made it my business to inquire into the situation there, following the deliberations of the committee during that week. I found that these press reports represent the views of a great many citizens of Niagara Falls. This meeting on March 26 was to have been attended by the chamber of commerce, the mayor and aldermen of the city of Niagara Falls, Ontario, representatives of the International Bridge Company, representatives of the Niagara parks commission, Hon. Mr. Houck and the hon. member for Welland. I can quite understand that the citizens of Niagara Falls would desire some such meeting to be called, but for some mysterious reason the meeting was put off. I cannot understand this; perhaps the hon. member for Welland could throw more light on the matter, but according to the press of March 24, Hon. Mr. Houck telephoned the mayor stating that he had important business in Toronto and could not attend the meeting. The other interested parties were very much concerned as to why that meeting was not held.

I happen to reside in the adjoining municipality, and I recall that a few years ago the

finance commissioner of the city of St. Catharines was called to Niagara Falls to act on a board to assist a municipality which was in financial difficulties. I have served as mayor of my own city, and I know something of the difficulties that confronted Niagara Falls. I also know that a great many home owners had lost their homes, and more were likely to do so. Some may ask what this has to do with the power to construct a bridge. If hon. gentlemen will bear with me for a moment, I should like to give one or two reasons why it has a great deal to do with it. As the mayor of Niagara Falls said, he was quite willing to deliberate, but he wanted the city to receive taxation from the span and the properties involved. As I have said, our finance commissioner was called to Niagara Falls, and he had a good deal to do with assisting the city manager and a number of others who were able to help the city out of its difficulties.

I have received one letter which states that because I object to this bill passing in its present form, I am an opponent of public ownership. I do not want that interpretation to be placed on anything I may say, and probably my views in that respect are fairly well known. I know many of these home owners who have been practically crucified by high taxation. I am informed that revenue of $10,000 or $12,000 was derived from the original International Railway Company by way of taxation, to the benefit of the property owners of Niagara Falls. We were told in committee that the amount of $7,500,000 in the original bill could be reduced to $4,000,000, possibly because the bill in New York state was something along that line. The amount was $7,500,000 in our original bill, but it has now gone down to $4,000,000. We are told by the Hon. Mr. McQuesten, in committee, that $2,000,000 is for the bridge and $2,000,000 for right of way and buildings.

I should like to speak for a moment or two respecting the section giving power to construct the bridge. In this connection I hope the hon. member for Lambton West (Mr. Gray) will correct me if I make any misstatement in connection with the Sarnia bridge. I am told that the buildings at the end of that bridge, in the state of Michigan, are costing approximately $85,000. I am also told, on good authority, that the buildings at the Canadian end of the bridge are costing about $125,000. I assume the hon. member will be able to confirm or to challenge this statement, but I must point out that this information has been given me on good authority.

[Mr. Lockhart.]

According to the statement of the Hon. Mr. McQuesten, $2,000,000 is to be spent on buildings and right of way, in the present instance.

Mr. YOUNG: Is the hon. member quite sure that that is what the minister of highways for Ontario did say? As a member of the committee I did not understand that statement to be made.

Mr. LOCKHART: He divided it into $2,000,000 each way—$2,000,000 for the bridge and $2,000,000 for the right of way and buildings. He pointed that out definitely.

Mr. YOUNG: I did not understand that.

Mr. LOCKHART: Let us double the amount for the buildings at Niagara Falls. We shall concede that Niagara Falls is probably a more important point than Sarnia.

Mr. GRAY: I shall not concede that.

Mr. LOCKHART: We shall double the amount of $125,000, and make it $250,000, and we are left with $1,750,000 for the purchase of right of way. That is the part which is disturbing the taxpayers of Niagara Falls. They want to know if that is an indication of the amount of assessment they may possibly lose. They realize that a great deal of valuable property is going to be taken in, and these are questions they are asking. It is quite reasonable that a meeting of the magnitude of the one which was to be held last Saturday should be held to discuss the whole question.

This is the situation one finds when he approaches the problem with an open mind. I look at the bill and try to find something which gives the taxpayers of Niagara Falls, Ontario, some assurance as to what they may expect by way of protection, in case large amounts of assessment are taken away from them, in addition to the $10,000 or $12,000 which has been paid annually by the International Railway Company. They asked me a question and I have sought the answer. This is the only answer I could find: I was provided with a letter dated March 16, sent by the hon. member for Welland to the corporation of Niagara Falls. Here again I believe the hon. member means every word he says. It is addressed to the mayor and, in part, reads as follows:

> In the meantime I wish to state, for your information, that I am looking after the interests of the city of Niagara Falls, with regard to assessment privileges on whatever bridge is erected in that area. "I will certainly not support any measure that will deprive your municipality from the assessment that you so urgently need."

I do not question the motives of the hon. member for Welland, because I have known him too well and too long to do that.

Mr. DAMUDE: Does the hon. member suggest that this bill deprives the municipality of taxation?

Mr. LOCKHART: I am just pointing out some of the possibilities. In the first place, it would not be logical to erect two bridges. I have pointed out that $1,750,000 is to be spent on right of way, and that there is a great possibility that a great deal of money will be taken away from the taxpayers of Niagara Falls. I cannot find anything in the bill indicating that the taxpayers are being protected, and that is why I rise in my place to-night and make my objection.

I have other letters from citizens of Niagara Falls, but I shall not read them at this time. I want to protest particularly against the passage of section 8, which empowers the company to do something which I do not think it can legally do. I protest that no further action be taken until all interested parties are brought together, as was proposed at the meeting which was postponed to March 26. That seems to be of paramount importance to the ratepayers of Niagara Falls. I do not want to see the bill pass until a clause is inserted which will give a guarantee to the taxpayers of Niagara Falls, and which will be something more than the word of the hon. member for Welland—although I am content to take his word. I do not wish to see the bill pass until the taxpayers are protected. I am firmly convinced that I represent the views of a large proportion of the home owners in the city of Niagara Falls, Ontario, who have watched the development of the bill, and who have seen it hurriedly forced through the committee.

Mr. HANSON: I do not think parliament in this connection, has anything to do with municipal taxation.

Mr. STEWART: Who said it had.

Mr. LOCKHART: The provincial government can take away large amounts of taxation. If the House of Commons would like me to enlarge upon the point, I could give definite information.

Mr. SPENCE: Give it to them.

Some hon. MEMBERS: Nine o'clock:

Mr. LOCKHART: I shall give it at some later date.

Progress reported.

SUPPLY

USE OF CANADA'S FINANCIAL RESOURCES FOR ELIMINATION OF POVERTY—AMENDMENT OF MR. BLACKMORE AND SUBAMENDMENT OF MR. BENNETT

The house resumed consideration of the motion of Mr. Dunning for committee of supply, the amendment thereto of Mr. Blackmore, and the amendment to the amendment thereto of Mr. Bennett.

Hon. J. L ILSLEY (Minister of National Revenue): Mr. Speaker, I hope to be able to conclude my remarks in a very few moments. Before the dinner recess the Exchange Fund Act was mentioned, and a question arose as to whether or not the act is really in force at the present time. I have looked at it and find that it is in force, and that section 6 of the act alone requires to be proclaimed.

Mr. BENNETT: Yes, and that establishes the operation of the stabilization fund.

Mr. ILSLEY: For one purpose only:

> For the purpose of endeavouring to control the external value of the Canadian monetary unit or of checking undue fluctuations in its exchange value the minister may directly or through such agencies as he may designate cause any balances in the special account to be invested in—

Certain ways. Subsection (3) states:

> This section shall not come into force until a date to be fixed by proclamation of the governor in council, published in the Canada Gazette.

That proclamation has not been made. But the point I bring to the attention of the house is this: The other sections of the act relate not wholly to the operations under section 6, but to the account itself which is in existence.

Mr. BENNETT: The creation of the account by the realization of the gold.

Mr. ILSLEY: The account is already created.

Mr. BENNETT: Exactly.

Mr. ILSLEY: And the manner in which the account is administered and has been administered since the gold was taken over is subject to certain sections the clear intent and purpose of which is to prevent public discussion of the operation of the account. Subsection 2 of section 4 says:

> The provisions of the Consolidated Revenue and Audit Act, 1931, shall not apply to the said special account during the period of its operation.

Mr. BENNETT: During the period of its operation, and it has never been operated.

Mr. ILSLEY: That is not what it means at all. The account is there. Let us take section 9:

An annual audit of the special account shall be made by the auditor general in such manner as he thinks proper, with a view to ascertaining whether the transactions in connection with the account have been in accordance with the provisions of this act, and he shall certify to the House of Commons that in his opinion, having regard to the examination, the transactions in connection with the account have or have not been in accordance with the provisions of this act, and that the records of the said account do or do not show truly and clearly the state of the said account.

And section 10 provides:

No person employed in the service of His Majesty or of the Bank of Canada shall communicate or allow to be communicated to any person not legally entitled thereto under the provisions of this act or by direction of the minister, any information with respect to the operation of the said special account, or allow any such person to inspect or have access to any written statement with respect to the said account.

And a penalty is provided for the violation of the provisions of that section.

Mr. BENNETT: Section 7 is also a relevant section.

Mr. ILSLEY: I think it is quite proper for the right hon. gentleman to ask the government whether the money is there, whether it is available, and so on, and whether an order in council has been passed proclaiming it, but it is the clear intent and purpose of this act that anything else relating to the account is not to be made public.

Mr. BENNETT: Sections 7 and 8 deal with two phases, one with the investment of the account, and the other with the winding of it up.

Mr. ILSLEY: I do not think I shall enter into a discussion of the meaning of those sections, because the matter is not of sufficient importance, and I think the right hon. gentleman is satisfied with the information that has been given.

Mr. CAHAN: Would the minister explain about section 6? Until section 6 is brought into force, the section can have no force or effect whatsoever. I understand the minister to admit that a proclamation of the governor in council with respect to bringing into force section 6 has never been published in the Canada Gazette.

Mr. ILSLEY: That is right.

Mr. CAHAN: Therefore section 6 is not in force.

[Mr. Ilsley.]

Mr. ILSLEY: That is true.

Mr. CAHAN: And therefore any other sections which deal directly with section 6 cannot be in force, because, unless section 6 is brought into force for all purposes, it can serve no purpose whatsoever.

Mr. ILSLEY: The answer to the hon. gentleman's suggestion is this, that there is a special account apart altogether from the method of operation of the account under section 6. Section 6 provides that the balance in the said account may be applied to certain uses. But the existence of the special account does not depend upon section 6. This special account is there; it has been there right along, and the sections I have read, section 4, subsection 2, and sections 9 and 10, apply to that special account whether it has been put to these special uses or not, because the account is there.

Mr. BENNETT: That was neither the intention nor the fact when the act was passed.

Mr. DUNNING: At all events the auditor general has so proceeded ever since the act was passed.

Mr. ILSLEY: I do not know what either of my hon. friends is saying, and so I shall pass on.

I wish to refer to two statements of the Minister of Finance that were challenged by the social credit group. I do not want to enter into the intricacies of the social credit controversy with the members of that group, because I am sure they would be able to involve me beyond my depth before I got very far; but I want to make some observations on the suggestion that the Minister of Finance in certain statements which he made in his speech was, as it were, merely setting up a man of straw and then knocking him down again.

Mr. LANDERYOU: I do not think he even knocked him down.

Mr. ILSLEY: The first statement I want to refer to has to do with our old friend the A plus B theorem. The Minister of Finance in his speech on March 8 said, at page 1155 of Hansard:

In other words, the whole theory is based on a false premise, and the whole program which derives from that theory is unsound and pernicious.

Then he proceeded to state what he said was the basis of the whole theory, and to state the premise he was referring to, and he stated the A plus B theorem I think very fairly and fully. I do not think anybody

can have any objection to the manner in which he stated that theorem. He was followed by the member for Red Deer (Mr. Poole), who said this, referring to the Minister of Finance:

I want to ask him if he did not make a mistake when he said that our theory was that the system did not supply a sufficiency of purchasing power at any one time. That is not the premise of our argument at all. . . . Why raise a false premise?

I want now to quote from a celebrated authority on social credit, no less than Major Douglas himself, and I shall give the reference to his work. This is what he says in his book Social Credit, revised edition, chapter 2, page 94:

In the foregoing chapter we have endeavoured to establish two important propositions in generalized terms. The first of these is:

(1) That the collective prices of the goods available for sale at any moment in a given community, if they have been produced by ordinary commercial methods, cannot be met by the money available through the channels of wages, salaries, and dividends, at one and the same time.

That is what the Minister of Finance said, and that is the statement which was challenged by the hon. member for Red Deer.

Mr. POOLE: The Minister of Finance did not make that statement. I should like the hon. gentleman to quote just what the Minister of Finance did say.

Mr. ILSLEY: I refer the hon. member for Red Deer to his own statement. He said, referring to the Minister of Finance:

I want to ask him if he did not make a mistake when he said that our theory was that the system did not supply a sufficiency of purchasing power at any one time. That is not the premise of our argument at all. . . . Why raise a false premise?

I now quote from the Monopoly of Credit by Major Douglas, pages 106 and 107:

A factory or other productive organization has besides its economic function as a producer of goods, a financial aspect—it may be regarded on the one hand as a device for the distribution of purchasing power to individuals, through the media of wages, salaries, and dividends; and on the other hand as a manufactory of prices—financial values.

From this standpoint its payments may be divided into two groups:

Group A—All payments made to individuals (wages, salaries, and dividends).

Group B—All payments made to other organizations (raw materials, bank charges, and other external costs).

Now the rate of flow of purchasing power to individuals is represented by A, but since all payments go into prices, the rate of flow of prices cannot be less than A plus B. Since A will not purchase A plus B, a proportion of the product at least equivalent to B must be distributed by a form of purchasing power which is not comprised in the description grouped under A.

I am merely placing on record these extracts from the writings of Major Douglas. I shall leave it to any member of this house, if he will read the speech of the Minister of Finance, and then read this, as to whether the minister did not accurately, precisely, fairly and fully state Major Douglas' A plus B theorem. I shall go further, although I shall never convince some hon. members. It is all right if hon. gentlemen opposite are abandoning the A plus B theorem—and I believe there is a little tendency on their part to do so—but if they are, it would be interesting if they would rise in their places in the house and say so.

Mr. QUELCH: May I point out that in Major Douglas' book, The New and Old Economics—

Mr. ILSLEY: I shall permit a question, but I cannot consent to the hon. member making a speech.

Mr. QUELCH: The book has been referred to.

Some hon. MEMBERS: Order.

Mr. ILSLEY: I shall try to answer questions, but not to permit these little speeches in the meantime. This is heavy enough sledding for me.

Mr. QUELCH: The minister asked if we had abandoned the A plus B theorem, and I was going to answer that question.

An hon. MEMBER: Read Douglas again.

Mr. ILSLEY: If hon. members are generally interested in the A plus B theorem and the basis of the social credit doctrine. I would recommend that they read the speech of the Minister of Finance and the way in which he completely demolished the A plus B theorem.

An hon. MEMBER: We did read it.

Mr. LANDERYOU: Can the minister tell us whether Douglas has stated that his whole doctrine rests on the soundness of the A plus B theorem?

Mr. ILSLEY: What does the hon. member say about it?

Mr. QUELCH: Mr. Speaker—

Some hon. MEMBERS: Order.

Mr. QUELCH: The minister has asked whether we have abandoned the A plus B theorem. I pointed out that in his book, The New and Old Economics, Major Douglas, in reply to that, pointed out that by far the

simplest way to deal with the matter was to divide it into five main heads.

Some hon. MEMBERS: Sit down.

Mr. ILSLEY: The next statement of the Minister of Finance which was challenged by the hon. gentlemen—

Mr. LANDERYOU: Mr. Speaker, I ask that we be permitted to reply.

Some hon. MEMBERS: Sit down.

An hon. MEMBER: Take your medicine.

Mr. ILSLEY: The next question I shall read from the speech of the Minister of Finance will be found on page 1157 of Hansard:

> But the main part of the program as expounded by Major Douglas does seek to avoid inflation by providing for a reduction of prices by a certain proportion by government decree.

And later on in the column:

> It is evident that the total amount of these credits or subsidies given to producers involves a huge total; for they are designed to make up for the shortage between the cost value of total consumption and the money value of total production of the country during a given period, say one year, and the estimates made by social crediters indicate that only from two-fifths to one-ninth of the total production of a given period is consumed. It is apparent, therefore, that the new purchasing power thrown into the monetary system would be of colossal proportions.

The hon. member for Lethbridge (Mr. Blackmore), the leader of the social credit group, seemed stirred by the use of those fractions, two-fifths and one-ninth. He wanted to know where the minister got his figures. The figures were taken from, and the immediate basis for the quotation is a statement by H. T. M. Gaitskell, an Oxford professor, in his chapter on social credit in G. D. H. Cole's book, What Everybody Wants to Know about Money. Gaitskell's statement was as follows:

> But the estimates of Major Douglas and his followers range from two-fifths to one-quarter and even to one-ninth.

That is to say, they believe that only two-fifths or one-ninth of the total production of a given period is consumed.

Mr. QUELCH: Mr. Speaker, I would challenge the hon. gentleman to show me where Douglas has made this admission.

Mr. ILSLEY: This Oxford professor—

Mr. QUELCH: He is not a social crediter.

Mr. ILSLEY: The Oxford professor who wrote this had been reading social credit works and was purporting to make a summary of what he had read; and this being merely hearsay, so to speak, and coming from second hand, was immediately challenged.

Mr. DUNNING: They quoted from the same book themselves.

Mr. ILSLEY: That proposition was immediately challenged by a member of the social credit group. The hon. member for Lethbridge repeatedly quoted Cole's book. What Everybody Wants to Know about Money—I myself heard him do so more than once—but I have here the references in the social credit works themselves which bear out the statement I have made.

Mr. QUELCH: Let us hear them.

Mr. ILSLEY: All right. I shall give the hon. member one now. There is an appendix to Major Douglas's book on Credit Power and Democracy, published by Major Douglas and, of course, put out with his sanction and authority. In this appendix is a draft of the social credit scheme for the mining industry of England prepared by Major Douglas, and a commentary on the scheme by A. A. Orage. Hon. members will recall that he is a prominent social crediter.

An hon. MEMBER: He is dead.

Mr. ILSLEY: If hon. members want the "hearsay" traced back to the original source, I am prepared to do so, not only with this quotation but with a number of others.

Mr. BENNETT: One of the writers is dead.

Mr. ILSLEY: As a matter of fact they vary from two-fifths to one-ninth. Orage, after assuming that the rate of production to consumption is 4 to 1, proceeds by application of the formula for determining just price to show that "price must be one-quarter of cost"—"The ratio of total production to total consumption being as 4 is to 1, cost and price are to each other as 4 is to 1; or again, price must be a quarter of cost." There is the quarter.

It would take some time to go into these others, but I shall give hon. gentlemen the references and they can look them up themselves.

Mr. QUELCH: I would point out that there is a big difference between one-quarter and one-ninth.

Some hon. MEMBERS: Order.

Mr. ILSLEY: The references are: Economic Democracy, by Major Douglas, pages 65 and 66; Major Douglas's The Monopoly of Credit, page 36; the appendix to Major Douglas's Social Credit, pages 208 and 209, which includes his draft social credit scheme for Scotland; page 36 of the pamphlet of

H.M.M. entitled An Outline of Social Credit, published by the Credit Research Bureau, London, with an approving foreword by Major Douglas; and a pamphlet entitled The Nation's Credit, a precis of Major C. H. Douglas's proposals, by C.G.M., published for the credit study group of London, at page 13. That is all I have, and none of these will expressly say two-fifths to one-ninth, but they range between; the estimates range from two-fifths to one-ninth.

Mr. QUELCH: So far the minister has only quoted one-quarter.

Mr. ILSLEY: I gave the quotations of the Oxford professor, published in G. D. H. Cole's book, which is quoted freely in this house by hon. gentlemen in that corner. I do not think I shall go further. I merely wanted to dispel the impression that when the Minister of Finance attacked certain positions, those positions were never taken by hon. gentlemen.

May I conclude with one word which I consider important. The public, it seems to me, is interested not so much in the organization of the Bank of Canada as in its policy and its record. Once more let me emphasize, as the Minister of Finance did, the fact that the bank has not pursued a policy of deflation. On the contrary, the policy of the bank has been what one might call reflationary. All one needs to do is to take the cash reserves and Canadian deposits of the commercial banks of Canada at three dates and compare them. The Minister of Finance gave them, but in different parts of his speech. I wish to put them together. These are the cash reserves and Canadian deposits:

	Cash reserves	Canadian deposits
December 31, 1929..	$228,000,000	$2,270,000,000
March 31, 1935.. ..	200,600,000	2,033,600,000
December 31, 1937..	250,000,000	2,387,000,000

In other words, Canadian deposits on December 31, 1937, were $117,000,000 higher than they were at the end of December, 1929, and $350,000,000 higher than they were when the bank started operations in March, 1935. These figures speak for themselves and utterly destroy the charges against the government and the bank, that they have pursued a policy of deflation. On the contrary, there has been a notable increase of money and credit since the bank started operations—as great an expansion, in our opinion, as would be consistent with the best interests of the Canadian people.

Mr. JOSEPH NEEDHAM (The Battlefords): Mr. Speaker, we have had an interesting discussion on this motion since it first began. I do not know how instructive it has been, but certainly it has been quite interesting. It was particularly interesting, the last time the motion was under discussion and this afternoon as well, to see and hear the members of the government and the leader of the opposition as well expressing their views with regard to the functions of the central bank and the chartered banks. In this debate so far certain statements have been made—or rather, I should say acknowledgments—which a few years ago would have been laughed at by the general public and would have been regarded as unbelievable, coming from the ministers who have taken part in the debate. The admission that loans create deposits, the admission that banks can create money—these are indeed startling. To follow the intricacies of discussions on the banks' operations by the ministers would lead one to believe that the cat had been let out of the bag and that an effort was being made to catch it again.

Anyone coming into the house to-day and listening to the discussion that we have been hearing would wonder what was the question before the house, and therefore I think it would be just as well to read again the motion presented by the hon. member for Lethbridge (Mr. Blackmore):

> That all the words in the motion after the word "that" be struck out and the following substituted therefore: "This house is of the opinion that for the effective removal of poverty from Canada this government has neglected and is now neglecting to use the resources of the dominion as adequately as the people of this country have a right to demand."

It is that motion which I want to discuss for a short while this evening. I am satisfied that the motion is timely and that it is for the government to prove that they are meeting the requirements of the Canadian people. This resolution no doubt springs out of the promises which were made by the present government prior to the election. I take it that every citizen of Canada has around him the evidence to satisfy himself whether those pledges have been carried out and whether this resolution is timely or not. I believe I am safe in saying that a large majority of the Canadian people believe there is something wrong with the present situation, which has produced the condition in which we find ourselves to-day. The evidence is manifest throughout the country. Some of us can go back a number of years and compare conditions, say thirty years ago, with conditions to-day. Thirty years ago there was a song of joy and gladness everywhere in the country; optimism characterized the people who went to build homes for themselves and their little ones, and to establish a future for the dominion. Compare that with the condition in which we

are at the present time—and we have passed through some prosperous years in that period. Ask the unemployed, those on relief, or the youth of the country. Consider the debts that are owed in Canada to-day, municipally, provincially and federally as well as individually, and the picture is not a very encouraging one.

Over the radio two weeks ago on Sunday night the ex-president of the board of trade speaking from Montreal with regard to the funded debt of Canada said that it was around eight billion dollars. That means for each person a debt of $800. At confederation that per capita debt stood at $21.87. I ask you, sir, whether there is not something seriously wrong with a system which creates a condition like that in these few years. In the speech by the Minister of Finance (Mr. Dunning) in response to that of the hon. member for Lethbridge, he said that this government had control sufficient for the needs of the people. I quote his words, as found at page 1146 of Hansard:

> Canada's financial machinery is now adequate to enable the government to cause effective action to be taken in the field of monetary policy to the extent that monetary methods may be appropriate to solve our problems.

That is quite an acknowledgment to make. The government recognizes that it has at the present time the machinery to solve the country's problems. That is what this resolution calls upon the government to do. The question is, Is there evidence that they are doing it? The Minister of Finance said also:

> It should be noted also that Canadian deposits —and, mark you, these represent the credit which does ninety to ninety-five per cent of the money work of Canada—are now at a level nearly twenty-two per cent above the figure for October 31, 1932, and over $117,000,000 higher than at the end of the boom year 1929.

Again he said, as reported on page 1148:

> Finally, chartered bank deposits with the central bank and their holdings of Bank of Canada notes have risen by $41,000,000. This latter total is the increase in bank cash which has made possible an expansion of over $350,000,000 in Canadian bank deposits or Canadian credit during that period of two and three-quarter years.

What I am concerned about is, Where is this credit, and is it available for the use of the people of this dominion? Is there any manifestation of its being used? It is useless to create additional credit and leave it in the bank; it is doing no good there. It is a matter of policy if it is not being put to work. There is something wrong with the system that has created the position in which we find ourselves. Since confederation our debt has been enormously increased. If my recollection is correct, $273,000,000 was the federal debt at confederation. Now it has reached over $3,000,000,000. There has been either mismanagement or bad policy. I cannot think this situation is due to mismanagement by the ministers who have been in office since that time; I am inclined to think it is due to the policy that has been followed. There have been both Conservative and Liberal administrations, and in point of time it is about fifty-fifty between them. It could not have been any nearer had it been arranged, and perhaps it was. But it has made little or no difference which party was in power; the results have been the same, because they have both been following the same policy. Lord Salisbury said, "The commonest error in politics is sticking to the carcasses of dead policies."

Mr. BENNETT: That is good Conservative doctrine.

Mr. NEEDHAM: Analyse the situation as it is to-day, a bonded debt of around $8,000,000,000 with the policy that has been in vogue since confederation, and tell me if there is any hope for the future by following the same policy.

We heard a great deal this afternoon about debt, interest and the accumulation of debt. The statement has been made in the house that 63 cents out of every dollar paid in taxes goes to pay interest. What is going to happen when it takes the whole dollar? That will not be very long, at the rate the debt is increasing. Something will happen then; I do not know what. I am wondering why some people are so anxious to keep the same policy in vogue. If we ask ourselves who they are who are fighting so mightily at the present time to prevent any change in the policy of governments in this country, we shall find that they are those to whom the present system has been very kind.

We heard a good deal this afternoon about loans and bonds. I say with all seriousness that if the credit of this country is good for a dollar bond, it is just as good for a dollar bill. If the credit of the country is good to float a loan of $100,000,000 through financial institutions, it should be just as good to float that loan by the government itself. It seems to me that where we and other parties differ is in regard to the issue and control of the currency and credit of the dominion. I and thousands more in this dominion want to know why the credit of this country in the floating of loans or bond issues must go through financial institutions, so that the people have to be taxed not only for the loan but for the interest that goes with it.

Mr. BENNETT: All ours go through the Bank of Canada now, and we get the benefit.

Mr. NEEDHAM: The year book for 1936 tells me that the floating of loans in 1936 cost over $3,000,000.

Mr. BENNETT: I do not wish to interrupt my hon. friend, but he will find that under this statute the Bank of Canada has become the fiscal agent of the Dominion of Canada. All our national loans are floated through that institution, and the moneys thus derived by the Bank of Canada are made available to this dominion. That is not so in discharging our fiscal obligations in London. Those are conducted by one of the chartered banks, because we have no Bank of Canada there.

Mr. NEEDHAM: I am just taking the figures from the year book.

Mr. BENNETT: That has nothing to do with floating the loans of the Dominion of Canada. That is probably the printing of the bonds, renewals, and matters of that kind, which run into a very large sum.

Mr. NEEDHAM: It is given here as the cost of flotations.

Mr. BENNETT: That would be advertising, possibly, and the printing of the bonds. It has nothing to do with the payment of fees to financial institutions. So far as I know, since the Bank of Canada began to do business on behalf of the dominion there has been no issue that has not been floated through the channel provided by the statute, namely the Bank of Canada.

Mr. NEEDHAM: There is the interest on the debt; it has made no difference there. There is the debt and the interest, just the same as before.

Mr. BENNETT: Yes.

Mr. NEEDHAM: Then it does not matter. It is a financial institution which is costing the country some money just the same.

Mr. BENNETT: The banks are compelled by statute to cash the coupons at par. The interest is a charge paid by the Dominion of Canada, and the banks cash the coupons.

Mr. NEEDHAM: It is still debt and interest.

Mr. BENNETT: Quite.

Mr. NEEDHAM: Just as it was before. There has been no change there, and that is where, as I see it, the whole difference lies. We claim that the floating of loans, the issuing of bonds, should not carry interest whereby the people are burdened with this debt and interest which are growing by leaps and bounds year after year. I have yet to meet one person who holds out any hope at all that our national debt will ever be paid. I should like anyone in the house to tell me if he has any hope that we shall ever pay our national debt, which is growing so rapidly.

Mr. BENNETT: If an annuity were provided, as was provided by statute at one time in Ontario, and if we had been able to escape the depression, an annuity established would have been sufficient to wipe out the debt in the course of about a hundred years; that is, if we had been able to give effect to it.

Mr. NEEDHAM: Why could it not be done?

Mr. BENNETT: Depression.

Mr. NEEDHAM: What caused the depression? War. What caused the war?

Mr. BENNETT: I think probably social credit.

Mr. NEEDHAM: And so it goes on, just one continual round, chasing in a circle. That is just what it amounts to. It is the same to-day; we have the same problems we have had right along. What were the problems facing Canada in 1930? They were unemployment, absence of purchasing power and heavy taxation. What are they in 1938? They are just the same, only we are worse off because our debt and interest have almost doubled in these last few years; not quite doubled, but at least grown very rapidly.

Mr. BENNETT: No; the conversions had the effect of lowering the interest charge very greatly. One transaction saved $14,000,000 in one year.

Mr. NEEDHAM: Yes; but that is only a fleabite, and the increase in the debt just about makes up for that. Then the government ask us to have confidence in their policies and to look forward to better times. I have jotted down this statement, referring to unemployment and so on: Idle men willing to work are a disgrace to any government. Idle machines are a serious reflection on our system, and idle money is the greatest curse of all, money which should be in circulation but which is tied up in bank vaults and so on. It should be the most serious concern of the government at this time to find the proper application of men, machines and money to the welfare of mankind in this country. If this government can find that proper application, it will solve the problem. There is a proper application, but I am satisfied that it is out of adjustment at the present

time. None of the three are working in the right proportion for the prosperity and welfare of Canada. It is all a matter of adjustment, and at present this government has the responsibility of making that adjustment.

There is no greater tragedy than to see men and women who have lost heart, who feel that they have no place in the scheme of things, in the society in which they move at the present time. There are thousands who have lost heart and many others who are on the border line at the present time. Think of the youth, as compared with the youth of thirty or forty years ago. Think of the outlook we had as boys; compare it with the outlook before the youth of to-day. We planned and worked and studied in order that when we built our homes and raised our families, we might leave them a better heritage than we received. The fathers and mothers are seriously concerned at the present time and are looking to this government for some solution. That is what is dealt with in the resolution we are discussing to-night. It is still true, as in former years, that Lazarus waits for the crumbs that fall from the rich man's table.

There are two classes on relief in this dominion. One class has been drawing relief since confederation. When a government does not balance its budget, so that it must borrow more and more to meet deficits, it is certainly paying relief to the lenders in increasing volume. They are just as surely on relief as any other class, and we have been keeping them on relief ever since confederation. The other class are the recipients of direct relief in these days, the unemployed, and so on.

I have a sentence about which I should like hon. members to think seriously. I say that the consumer should be the measuring stick of all values. The day will come in this and every other country when the consumer will be the boss, because he has the franchise, and any government which neglects to look after the best interests of each and every consumer is not fulfilling its function as a government. The consumer, may I repeat, should be the measuring stick, and if we look to his welfare we are looking to the welfare of each and every one, and the prosperity of the country as a whole.

I ask myself: Why are the banks in such good financial condition, when most businesses are just tottering on the brink of bankruptcy and financial distress? There is a reason for that.

Mr. BENNETT: They have reduced their dividends by nearly fifty per cent.

Mr. NEEDHAM: Out of the consumer.

[Mr. Needham.]

Mr. BENNETT: They reduced their dividends by nearly fifty per cent, while the banks in England maintained theirs, during the crisis.

Mr. NEEDHAM: That is possible.

Mr. BENNETT: It is not only possible; it was done.

Mr. NEEDHAM: There were smiles on the faces of hon. members opposite when the hon. member for Lethbridge, when asked what he would do, said, "I would call in the bankers." I take it that when this government took office it did call in the bankers, and I believe it took their advice. I wonder if it called in the manufacturers, and asked them whether they would like more orders for their factories. I wonder whether it called in the retailers and asked them if they would like to sell more goods. I wonder if it called in labour, and asked them if they would like to go to work. I wonder if it called in the farmers and asked them if they would like a market for their produce. I wonder if it called in the unemployed and asked them what they thought of the situation. I wonder if it called in the housewives who, I see, are now organizing, and asked their opinions. Had the government got the advice of these parties, I think some different action would have been taken.

When the hon. member for Lethbridge was speaking, the hon. member for Melfort (Mr. McLean) asked: "Can you give us any evidence of where anything of this nature has been tried and proved a success?" I should like to refer to New Zealand. Some hon. members may say, "Yes, but New Zealand has not a social credit government." I am informed that social credit candidates did not take part in the campaign of 1935 in New Zealand, but that in most constituencies the candidate was pledged to social credit principles. After the election it was discovered that on the government side there was a majority of social credit pledged members. So, while it is called a labour government, it is government pledged to social credit principles, and one which has worked along that particular line.

Mr. DONNELLY: Are they giving $25 a month?

Mr. NEEDHAM: The same criticism was made in New Zealand that has been made in this chamber. In 1935, prior to the election in that country, the same game was played. Here are some choice pieces of invective which were thrown at the labour party there: "Savings would be wiped out; insurance policies would be worthless; wages would be worthless." "If given power, the labour

party would wreck the banks and institutions to which you have entrusted your savings." "Their reckless experiment of creating credit would make all money worthless." "Why waste time talking about wages, pensions and spending power when wages would not be worth the paper they were printed on"? "Labour's talk about using public credit, to issue sufficient money to meet the needs of the nation, and the promise to mint and print it means only one thing—worthless money." "A hundred pounds would eventually be worth less than a hundred pence." "Savings, bank balances, and insurance policies would be wiped out."

But the people of New Zealand considered it was time to take a chance, and they got this result: Sixty-five thousand unemployed found work, and there are now $30,000,000 more in the savings banks than there were at the time these stupid words were spoken. Have not these same words been used in Canada? We are all familiar with the political mind which cannot rise above the traditions of the past, and which imagines the world would go to pieces if the people got a decent living.

The following is a newspaper article dealing with the situation in Australia:

Premier Savage, head of the first Labour government of New Zealand, had been tackled by the leader of the opposition on the subject of his declared intention to make use of the public credit. This term, his opponent, Adam Hamilton, professed to be unable to understand, which, by the way, is a failing that is also familiar to Canadians.

"My statements," replied Mr. Savage, "mean that we are going to use the public credit instead of going around by London or some other place. If we came in here to pursue the bad old ways, we would not be justifying the confidence the people placed in us at the last election. We are going to do the job the people asked us to do."

The method that had been adopted in the past, the premier said, had been to float loans on the London market. "We never got the money. Sometimes we got goods that we didn't particularly want. But we did get a huge national debt. To-day we are instituting a new method. We are going to use the public credit direct. We are going to carry our own obligations.

If the leader of the opposition cannot distinguish between a lending institution which the people own and one which is owned by somebody else I pity him. The difference is between pledging the public credit in order to produce upon it and pledging the public credit to raise debts upon it."

On the question of production Mr. Savage pointed out that New Zealand had had production before but it had seldom had prosperity. What good is production, he asked, if the benefit does not reach the producer?

"It is no use creating wealth unless the people have access to it. The money incomes of the people must equal the value of their production."

In the ten years preceding 1930 the farmers had doubled their production, yet their incomes remained the same. "But in the last twelve months during which the government has been guiding the industry, the national income has gone up by 20,000,000 pounds.

Mr. HANSELL: That sounds like social credit.

Mr. NEEDHAM: That is in New Zealand, in the first year of operation. Then, we have another statement from New Zealand, which is as follows:

The practicability of the New Zealand program is confirmed by the best of all tests and yardsticks—the immediate effect on consumer goods business volume, on which depend ultimately all capital goods activity, export trade, wage paying ability, dividend paying ability and tax paying ability.

In this connection it is interesting to note that in the new government's first twelve months of office, their national production was up 18 per cent, industrial production 13½ per cent, wages 13½ per cent; building 24 per cent, savings deposits 15 per cent, and unemployment was down 32 per cent, to mention only a few of the evidences of steady improvement. Practically no woman is unemployed, and large numbers have left factories, shops and offices to get married.

The only way to cure our problem is to tackle it according to the best democratic plan available and then correct our mistakes, if any, as we proceed. The greatest mistake is to do nothing.

I should like to give in concrete form a few of the things which the government of New Zealand have done in one year of office. They nationalized their central bank one hundred per cent. Compare that with what Canada has done. The elections in Canada and New Zealand were held in the same year, 1935. Our present Prime Minister (Mr. Mackenzie King) during the compaign promised the people of this country that if he were returned to power he would nationalize the central bank and restore to government the control of currency and credit, to be issued in terms of public need. He said that before the election. Premier Savage said it after he was elected, and that makes quite a difference.

Here are a few other things that were done by the New Zealand government within its first year of office. All classes of pensions were increased; wages were restored to the 1931 level; a forty-hour working week was made universal with a few exceptions; wage scales are adjusted twice a year to the cost of living index; the price of dairy products is fixed by the government; the 1937 program includes a comprehensive plan of health insurance and national superannuation.

The other achievements of the New Zealand government are maximum education possibilities for all children; balanced imports and

exports; the price of wheat, flour and bread has been stabilized; increased old age pensions, with women receiving the pension at sixty instead of sixty-five, and income, not property, is the deciding factor in determining the amount of pension paid; invalid pensions on a sliding scale; widows' pensions increased, and so on. I am sure that if any member wants to read a summary of the work of the first labour government, he will find it very interesting.

Mr. DUNNING: They are not a social credit government.

Mr. NEEDHAM: I said a labour government. If the Minister of Finance (Mr. Dunning) had been in a little while ago, he would have heard the explanation regarding the government's connection with social credit.

Mr. DUNNING: I know their Minister of Finance very well, and he is not a social crediter.

Mr. NEEDHAM: He is doing the work we are pleading for.

In conclusion, I think this debate has been interesting and instructive for the Canadian people. This government is on trial at the present time before the people, before the unemployed, before the youth, of Canada, and, above all, on trial before the court of human justice.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, although this debate has gone on for quite a few days, the only thing that seems to have been definitely settled so far is that every loan creates a deposit. However, I am doubtful of the efficacy of that conclusion to get us out of our difficulties. From my point of view I think it is about as useful a matter to discuss as which came first, the hen or the egg. At all events we have come to one conclusion.

I am glad that I am following the hon. member for The Battlefords (Mr. Needham), particularly because of the subject with which he concluded his speech, as it is along that line I am going to speak to-night. I wish to show that a socialist government must inevitably follow a capitalist government if democracy is going to continue.

The government of New Zealand, as the Minister of Finance (Mr. Dunning) has pointed out, is not a social credit government. It is a labour or socialist government, carrying out within the limits of its power those things which socialists would do to rectify the faults of the present system.

When the hon. member for Lethbridge (Mr. Blackmore) moved his amendment, he took occasion to deliver a lecture on social credit. I am not finding fault with my hon. friend for so doing. He and those sitting around him were sent here to give voice in this house to very definite ideas which they hold in regard to economic and social problems and the way in which they can be solved. He was only doing his duty in bringing that matter to the attention of the house in the way in which he did. Whether or not we agree with the theory of social credit, the debate has served a useful purpose. It has drawn to the attention of the house once again through the speeches of several members the tremendous inequality in the distribution of income in this country.

In the few words I am going to say to-night I am not going to take the position that there is no merit in the claims made by my hon. friends to my left. I suppose there is a modicum of truth and some error in all philosophies and in all social and economic creeds. I noticed, during the course of the speech of the hon. member for Lethbridge, that when he was asked specifically what his party would do, he invariably replied that they would call in the experts. That is a good answer under ordinary or even extraordinary circumstances, but in this case it is not satisfactory. It is not satisfactory because in the matter of the operation of social credit there are no experts to be called in.

If the hon. member for Lethbridge wanted to construct a road or a bridge or a house and wanted it well built, he would send for a man who had built roads or bridges or houses, depending upon what he wanted done. In other words, he would call in an experienced builder. He would not call in to build a house a man who had just written about building houses but had never built one. This, of course, is not to say that social credit is not feasible or easy of operation. But it does say that there are no social credit experts, because social credit is nothing but a theory. Major C. H. Douglas is not and could not be an expert in social credit, because there is no social credit system in operation anywhere where Major Douglas or anyone else could acquire the necessary experience to become an expert. No one knows that better than Major Douglas. That is why he keeps at a safe distance from the fields of actual operation.

Mr. QUELCH: They might put him in gaol.

Mr. MacINNIS: Major Douglas formulated the theory of social credit, and it is still a theory, never having been put into actual operation. In other words, so far as social credit is concerned, Major Douglas is a theorist or a theoretician; his work has been

in the field of theory and not in that of practical experience. An expert is defined as:

A skilful or practical person; a scientific or professional witness; a specialist; expert; taught by use, practice or experience; having a facility from practice; adroit; dexterous; ready; skilful.

A theory, on the other hand, is:

A doctrine, or a scheme of things, which terminates in speculation or contemplation without a view to practice.

These definitions are taken from The King's English dictionary, and I think they agree with common usage.

I do not agree with the theory of social credit, because I do not believe that our problems are either wholly or largely a matter of money. That is not to say that the control of finance and credit is not important. I may be altogether wrong, but in my opinion the problem is largely one of ownership and control. According to my reading of history, it seems to be satisfactorily established that all down through the ages the persons or classes who owned and controlled property owned and controlled everything else, including the very lives of the people who did not own. The people who owned have always lived well and in comfort, while the propertyless class was always in poverty and suffered varying degrees of misery. The owner of the chattel slave lived well on the toil of the slave, while the slave, no matter how prosperous his master was, lived in misery. When the chattel slave emerged into the feudal serf, the feudal lord who owned the land and the means of production with which the serf laboured, also lived well on the labour of the serf. In those days it was not a question of money; yet the control over the lives of the non-owning class, whether slave or serf, was absolute and complete.

With the coming of the machine age it was thought that, at long last, the worker would come into his own. With the coming of power production another change in the social relationship between master and worker took place. The industrial revolution released the feudal serf from the land of his feudal lord. The serf became a free labourer; but this did not help him very much, because his former owners still owned and controlled the means by which he lived. Indeed, history tells us that for a long time his condition was even worse in many respects than it had been when he was in his former position, attached to the land. The free labourer was now a wage earner, but still dependent for his living upon the owner of the means of production. His condition was not improved because, as I said before, his former masters still owned the means by which he had to live.

Another change occurred. With the industrial revolution the increase in wealth became very great. The wealth amassed by the owners of the means of production increased on a scale never experienced before; but in the main the wealth producers remained in misery and in want; and again I say it is not a question of money. The reason I cannot see a solution of our problem in social credit is because, as I see it, the property, the wealth of the owning class, this abundance that we refer to on occasions, in the present as in the past, results from the labour of the working class. I cannot see how, by any manipulation of money or credit or by any other hocus-pocus, the producers of wealth can consume that wealth and yet leave it in the possession of those who owned it in the first place to have for their full enjoyment. I cannot see how it can be done. It does not appeal to my reason.

In the main, I think, our capitalists and our bankers are fairly intelligent people. If it were possible to leave them in full enjoyment of the social and economic advantages which their present position gives them and yet give the producers of wealth, that is the wage worker and the farmer, full and complete access to the products of field, mine and factory, just by the printing of money either by the government or some other agency, I am quite satisfied that they are not so selfish or so foolish that they would not do this. They would gladly agree to it.

On the other hand it is quite easy to understand why money assumes such an important place in the mind of the average person. The wage of the wage earner is considered in terms of money. The salary of the professional man and of the office worker is computed in terms of money. The price the farmer receives for his products is stated in terms of money. The rent, interest and profit of those who live by that kind of income are reckoned in terms of money. When one considers that "banks make money and that the banks are full of money," one can easily understand that, when their money income is reduced or stopped, the first thing people think about is that something has gone wrong with money or the money machinery. When one couples with that the conviction that all that is necessary is to make money plentiful again and all will be well; that nothing will be changed except that the poor will be rich and the rich richer—well, there is nothing to it! Just print sufficient five, ten and twenty dollar bills and everything will be

fine! The farmer will get more money for his product; the wage earner will get more money for his labour; the salaried man will receive a higher salary, and the owner of property who lives by rent, interest and profit will get more money from these various sources! Who could refuse such an easy solution of our problems? Why should not everyone be anxious to grasp it? Sometimes I almost feel like accepting it myself.

Money is not wealth. It is a means of exchanging wealth. It exchanges the goods or services of one individual for the goods or services of another. It exchanges property claims from one individual to another. But one must have some property claims to exchange before the exchange can take place. Every piece of paper money, be it cheque, note or bill, is just a promise to pay. Whoever accepts it in lieu of something he has given up does so on the understanding that the paper he holds is a charge against property. That is, the promise to pay, the credit he holds, is at the same time a debt and a claim on property. It seems to me that if the state is going to make and distribute money to all who need it, and if that money is not to become a future debt, the state will by that process be distributing the wealth of the country; it will take from those who have and give to those who have not. I have no objection to that being done, but if my social credit friends think that it will be done and still leave social relationships unchanged; that is to say, that it will leave the present owners in control and ownership of the means of production and distribution, then they are due for a rude awakening. It cannot and will not be done in that way. It seems quite clear to me that in a community of people owning their own land and other means of production, and operating them by their cooperative efforts, thus producing for their own needs, the necessity for purchasing power would never arise. It is only the intrusion of property rights between the goods and the consumer that makes purchasing power, as my friends see it, necessary. That is the one thing which we have to understand before we can understand the problems that confront us to-day.

As a socialist I am in agreement with my social credit friends when they say that every citizen, simply because of his human descent, is part owner of the national heritage; that is to say, in theory he is; and because of that part ownership in the national heritage he is entitled to a share in the national income. It is because I am a believer in that doctrine that I am a socialist. That is why I advocate the social ownership of the means of production. But I cannot understand how the social crediters can say in one breath that they believe that every one is a part owner of the national heritage, and in the next breath reject socialism, which is based on that very axiom, and support capitalism, which is based on the principle that he who has may hold, and he who can may take.

I am driven to the conclusion that so long as we are content to leave the national heritage; that is, the natural resources of the country and the other means of production, in the hands of private individuals, so long will the wealth produced go to the private owners, less the cost of production. And that it should do so is merely a natural sequence in the order of things. I am afraid we do not understand clearly enough, if we understand at all, that the purpose of the capitalist system is not to produce the greatest amount of goods and services for the good of the community at large, but rather to produce more capital to be reinvested so that in turn it can produce still more capital.

If any member of the house does not believe that statement, there is an easy way in which he can prove it to his own satisfaction. Let him try to raise capital to build a factory for the production of something useful. Let him tell those whom he expects to put capital into that factory that there will be no profit accruing; let him ask them to buy shares in the business and let him tell them that the purpose is to produce easy chairs for old age pensioners, or to make new clothing for the wives and mothers and children of those on relief. Let him tell them that, and I am quite satisfied that he would have great difficulty in raising capital for any such purpose. That is in itself a clear indication of what the purpose of capitalism is.

But suppose you want to produce something else, something that might be even harmful to the community, something that is not at all useful. What happens? We find to-day that governments have not the slightest difficulty in borrowing unlimited sums for the building of armaments. In that connection a revealing comment appeared in a recent issue of the New Statesman and Nation of December 18, 1937. Referring to the British government's rearmament program, which was announced as £1,500,000,000, that journal made the following comment:

> Accordingly, the government relies on expanding expenditure on this form of "public works" to offset any tendency towards general economic depression that may manifest itself for some time to come. Armaments are, indeed, from this particular standpoint the ideal form of public works.
>
> They do not compete in any way with private enterprise; they have the great advantage—from the capitalist point of view—of being entirely unproductive; they provide in-

terest on money which might otherwise not be able to earn any; and they are just as good as any more useful works both in providing indirect employment and in distributing purchasing power. Digging holes and filling them up again would of course possess most of the same advantages—or paying the unemployed higher incomes out of borrowed money. But that would never do.

Does that not clearly indicate to any one who cares to read, what the purpose of the present capitalist system is? If you can get capital to work in a way that can carry out that purpose, you can find unlimited money.

A reference has been made to debt. If we keep in mind that we are dealing with material things; and if we consider them from the viewpoint of ownership, which is the only intelligent way in which we can consider them, we shall have no difficulty in understanding debt, and we shall know why we are going into debt every day. One effect of the capitalist system is that it continually transfers property rights; it centralizes wealth. Why do people borrow? They borrow because they want something they do not have. From whom do they borrow? They borrow from those who have something that the borrower needs. When the loans are repaid, those who had have more than they had before, and those who had not have less.

Mrs. BLACK: Not necessarily.

Mr. MacINNIS: Not necessarily? That is what usually happens. Let me add that these debts can never be repaid, because they cannot be paid except with the property of those to whom we owe the debts.

I do not think we can have a clear understanding of the reason for the economic difficulties in which the world finds itself to-day unless we realize, as I have said, the real nature of capitalism; unless we realize that the purpose of capitalism is to produce more and more capital and not to provide for human wants. It does provide for human needs incidentally; but that is not its purpose, which is to create more and more capital. In order to explain the point I quote from a speech made a year or two ago by the Right Hon. Walter Elliot, former Minister of Agriculture in the British government; I think he is now Secretary for Scotland. Referring to the difficulties that the world was getting into at the time, he made this statement:

> But these factors, the power of science to make anything anywhere, the determination of men to try everything everywhere, and a growing doubt as to whether foreign loans in many parts of the world are not simply free gifts which we should do as well to keep for ourselves, have produced and are producing a change so fundamental in our outlook that it might almost be described as the third stage of the industrial revolution. The first stage was, so to speak, the drilling of a borehole and the tapping of a great subterranean source of power by the people who made this venture. The second, which we have just lived through, was the piping of that power to undeveloped nations as capital development, financed by unrepaid loans. The third stage is the check and flood-back as the bore holes in other countries strike oil in their turn, and the pipes begin to fill up from the far end also.

I do not see how the situation could be put much clearer than that. Let me explain briefly those stages. The first stage was the industrial revolution, beginning in England less than two hundred years ago, with the advent of motive power and machine production. The first result was to build up the capital structure of Great Britain: home industries. The second stage was the development of new countries, countries like North and South America, Australia and New Zealand. The third stage is where Mr. Elliot says that they have struck oil in the new countries and that there is a flood-back as the bore-holes fill up from the other end. So that in those countries into which, when capitalism was young, the older countries were putting their surplus investments, they now have surplus capital themselves and are looking for a place to invest it. That is the world's condition at the present time, and it is a condition which the world is not going to get over under its present form of production and distribution.

I read what seemed to me a rather significant article in the January issue of Canadian Business, which I think is the official organ of the Canadian chamber of commerce. The author of this article is Courtland Elliott, described by the publishers as one of Canada's brilliant young economists. He says:

> The periods of greatest prosperity in Canada have coincided with an inward flow of foreign capital. Such capital has been invested directly in Canadian enterprises or in securities, the proceeds of which have been used largely for construction or expansion. In either case the funds have resulted in the manufacture of capital goods and the employment of labour at good wages.
>
> There are those who contend that Canada already has enough capital equipment for the volume of business that is being done and for the size of the population we have to sustain. In the light of present conditions and short-term realities that statement is probably true. Faced with restricted markets on the one hand and improved industrial technique on the other, it is evident that our existing capital equipment has not been unduly pressed in the recent period of recovery. Indeed the fact that new capital financing for industrial purposes in 1937 was lower than in many years, and Canada has not been a net borrower of outside capital for three years, might indicate

either a lack of need or a lack of profitable employment for foreign and domestic capital in Canada.

If such a condition is permanent we would probably have to reconcile ourselves to a lower standard of living, a withering production organization, a rising tide of social dependency and financial instability.

I do not agree that it is necessary for us to do that. To me it seems amazing that at a time when the people of Canada along with the people of the rest of the world have in a way reached the position for which mankind has been striving all down through the ages, that is, economic security; when we have everything necessary to produce the things we need, we should say that because we cannot get markets; because we cannot use them for this and that, we must prepare for enduring misery and poverty. It is beyond my comprehension that intelligent people should agree to that. I claim it is not necessary, if we use the equipment for social ends; that is, building homes and in other ways improving the living conditions of our people.

Let me say that I am supporting the amendment. I am supporting it because in my opinion this government has not even tried to make the resources of the country and the machinery of production operate in the interests of the people.

Mr. DUNNING: My hon. friend is speaking on the subamendment?

Mr. MacINNIS: No; I am speaking on both.

Mr. DUNNING: My hon. friend must be speaking on the subamendment of the leader of the opposition (Mr. Bennett), because that is the only thing before the house. He is supporting that?

Mr. MacINNIS: Yes; I am supporting both. I shall have to vote for both because both are still before the house.

Mr. DUNNING: The hon. member is a little mixed.

Mr. MacINNIS: No; I am quite clear in my point of view. About five years ago the present Prime Minister, speaking in this house, outlined a comprehensive program of social reform, which he pledged that the Liberal party would put into effect if returned to office. I maintain that that pledge has not been kept. On that occasion he said, as reported at page 2508 of Hansard of 1933:

It has been said by some hon. members of the Progressive group that there should be a new motive in industry. May I say that I entirely agree with that.

[Mr. MacInnis.]

That is the present Prime Minister speaking.

I believe that once the different groups in industry are represented in the control of industry we shall come to have a very different conception of industry generally. The conception that we have to-day is too largely that industry is primarily a source of revenue; the means whereby private gains may be reaped.

We had been pointing that out for years. At that time the Prime Minister accepted our point of view. But what has he done since he came into office to change the purpose of industry, or as he said himself, to give it a new purpose? I claim that he has done absolutely nothing.

In the same speech he went on to say, at page 2510:

The system of distribution of products needs overhauling. Distribution should be on a service at cost basis. The spread in price is too great, as any comparison of prices paid to producers with prices consumers have to pay will make self-evident.

Again I ask, What has the Liberal party done to reduce this spread? Again the answer is nothing. Then on the same page, 2510, he says:

Industry has been adversely affected by the control exercised over industry, not by industrial managers so much as by promoters and financiers. We believe the interlocking of directorates is one of the factors which, on the one hand, enables bankers to control industries—

I should like my hon. friends over here to listen to this:

—and on the other hand, enables industrialists to control the banks. It is our view that in this connection there is room for much in the way of reform.

There is still room for much in the way of reform, but I doubt very much that we shall see any reform in this direction on the part of this government. I think it was our view, before the Prime Minister took it as the view of the Liberal party. But what has this government done to break the control of the bankers and industrialists over the economic life of this country? Again the answer must be, Nothing. I quote now from the message given by the Prime Minister to the people of Canada on October 14, 1935, the evening of the last election day. Part of his message at that time was:

We take up at once as our supreme task the endeavour to end poverty in the midst of plenty, starvation and unnecessary suffering in a land of abundance, discontent and distress in a country more blessed by providence than any other on the face of the globe, and gain for individual lives, and for the nation as a whole that "health and peace, and sweet content" which is the rightful heritage of all.

We still have poverty in the midst of plenty. We still have starvation and unnecessary suffering in a land of abundance. We still have discontent and distress in a country more blessed by providence than any other on the face of the globe, and we are still waiting for that "health and peace, and sweet content," which the Liberal party promised us on the day of their victory in 1935. What is more to the point, there is no indication that the government has any plan by which these desirable things mentioned by the Prime Minister may be brought about.

As a final word may I say that until some government takes definite and decisive action to bring our industries under social control and make them function for the welfare of the people instead of being used for their exploitation, as they are to-day, the difficulties we are now experiencing are going to remain with us.

Mr. J. J. KINLEY (Queens-Lunenburg): Mr. Speaker, the amendment moved by the hon. member for Lethbridge (Mr. Blackmore) is very general in its terms, and is something that one might expect at any time from an opposition member, especially in that corner of the house. But, as the hon. member explained in the course of his remarks, he confined his attack upon the government to the monetary system, and suggested that his so-called monetary system, social credit, would bring to this country prosperity and relieve us from debt, and that unemployment would fade away. Otherwise he was most complimentary. I should like to quote from his remarks as they appear in Hansard:

> The government has tried everything but money reform. I am ready to say what I have said in a hundred places in this country, both on the platform and elsewhere, that as far as I can judge the government in power to-day has done everything it could possibly conceive of under the present system to improve the condition of our people. It is my judgment that the ministers are as energetic, as honourable and as earnest as men could possibly be. It is my belief that the members are ready to do their utmost. They disagree among themselves with regard to high and low tariffs and with regard to the advantages of trade with this and that country, but as far as they can see and come to agreement, they are doing the best they can. I do not hesitate one moment to say that.

Coming from a member of the opposition, this is a high tribute, and it does not seem to me that tributes of this kind come very frequently even from our own most ardent supporters. But we are told that the Liberal party is a marching force, always advancing, never arriving and never satisfied. So we think that perhaps when the budget comes down and the three-way trade agreement is completed, we shall have made another step forward and shall have again advanced a little further with our ideas of better trade relations. Hon. members will note that the hon, gentleman, who is the leader of his group and who comes from the prairie provinces, thinks the government has made a pretty good job of its tariff so far.

On the other hand the right hon. leader of the opposition (Mr. Bennett) feels that at present the Liberal party is injuring this country by lowering tariffs. This is the first we have heard of this complaint from the right hon. gentleman for some time. I can remember him only a year ago stating that the Liberal party had not lowered the tariff to any extent.

The right hon. gentleman spoke of duties and dumping duties, and as it is nearly eleven o'clock I wish to refer for a moment or two to one of those dumping duties. I am glad that dumping duties are passing from our customs rulings and that the customs authorities do not invoke them as they were invoked in the days of the previous administration. I believe dumping duties are dangerous, because they affect the whole fabric of our export trade. Canadian manufacturers should be against dumping duties except as a last resort, because a manufacturer who takes advantage of the drawbacks in duty and ships abroad, may be said to be dumping. So, when someone in a foreign country says that products are sent to that country at less than the cost in the country of origin, the manufacturer can hardly complain. At present in my part of Canada we hear a great deal about the dumping duty on sugar. That is something which affects my people. We feel that we should do a better trade with the republic of Cuba, whose tariff laws are very fair in that they say that if a country buys fifty per cent of its requirements from them, they will give that country the minimum tariff. In view of the fact that this is a potential market for our primary products, and because of the primary products Cuba can ship to us, I think the continuance of the dumping duty to the island of Cuba under present conditions is promoting an economic injustice.

The other day the Minister of Labour (Mr. Rogers) told us what was in the speech from the throne in Nova Scotia, and he pointed out that in that province those on relief had been reduced from 75,000 to a little more than 6,000, and that this was a record not equalled anywhere else in Canada. This is not because we have greater wealth in Nova Scotia;

the fact is that the per capita wealth in that province is only $1,514, as against a per capita wealth in Ontario of $2,468. It is due, rather, to the independence and individualism of our people. They do not like to submit to the indignities of being supported by the state. The municipal councils in our towns and municipalities guard against giving relief, where it is possible to avoid doing so, and they see to it that an honest day's work is given for the money spent on any of the projects carried on in the province.

On motion of Mr. Kinley the debate was adjourned.

SUPPLEMENTARY ESTIMATES, 1937-38

A message from His Excellency the Governor General transmitting further supplementary estimates for the fiscal year ending March 31, 1938, was presented by Hon. Charles A. Dunning (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 10.58 p.m.

Wednesday, March 30, 1938

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SIGNAL CORPS, BARRIEFIELD, ONT.

Mr. CLARKE (Rosedale):

1. Is there a Mr. Robinson employed as a carpenter at the signal corps, Barriefield, under the Department of National Defence?
2. If so, what days and hours has he worked?
3. What total remuneration has he drawn?
4. On whose recommendation was he employed?

Mr. MACKENZIE (Vancouver):

1. No. There is a Mr. C. Robertson employed, to whom the following particulars refer.

2. During the year 1935.. .. .. 67 days
" " 1936.. .. .. 36 "
" " 1937.. .. .. 11 "
" " 1938.. .. .. 7 "
(as at March 25)

3. $718.55.

4. Mr. A. E. Stansbury.

Mr. CLARKE (Rosedale):

1. Is or has Roy Graham been an employee at the signal corps, Barriefield?

[Mr. MacInnis.]

2. If so, what days and hours has he worked?
3. What total remuneration has he received?
4. On whose recommendation was he employed?

Mr. MACKENZIE (Vancouver):

1. Employed at present.

2. During the year 1936, 56 days; 1937, 213 days; 1938, 12 days (as at 25th March).

3. $1,708.15 (as at 25th March).

4. Mr. A. E. Stansbury.

Mr. CLARKE (Rosedale):

1. Is William Fowler an employee at the signal corps, Barriefield, and, if so, when was he appointed and on whose recommendation?
2. If the present appointment was by the civil service commission, was he previously employed by the department, and on whose recommendation?
3. What is the address of the said William Fowler?

Mr. MACKENZIE (Vancouver):

1. Yes; appointed October 1, 1937; recommended by Mr. A. E. Stansbury.

2. Yes; recommended by Ontario Employment Agency.

3. 409 Bagot Street, Kingston, Ont.

Mr. CLARKE (Rosedale):

*In what electoral district is the signal corps at Barriefield situated?

Mr. MACKENZIE (Vancouver): The signal corps at Barriefield is situated in the electoral district of Frontenac-Addington.

Mr. CLARKE (Rosedale):

1. Is Henry Bearance, or has he been, an employee on part time at the signal corps, Barriefield, under the Department of National Defence?
2. If so, how many days and hours has he worked?
3. On whose recommendation was he employed?
4. What is his address?

Mr. MACKENZIE (Vancouver):

1. Has been employed, but not at present.

2.
During the year 1935— 45 days
During the year 1936—262 days
During the year 1937—218 days

3. Mr. A E. Stansbury.

4. 194 Stuart Street, Kingston, Ont.

Mr. ROSS (St. Paul's):

1. Is John Doyle an employee at the signal corps, Barriefield, under the Department of National Defence, or has he been an employee?
2. If so, what days and hours has he worked?

3. What total remuneration has he drawn?
4. On whose recommendation was he employed?
5. What was his address at the time of his appointment?

Mr. MACKENZIE (Vancouver):

1. Yes—employed at present.
2.
During the year 1935—76 days
During the year 1936—44 days
During the year 1937— nil
During the year 1938—10 days (as at 25th March).
3. $768.90.
4. Mr. A. E. Stansbury.
5. 36 Main Street, Portsmouth, Ont.

Mr. ROSS (St. Paul's):

1. Is Harold Johnston an employee at the signal corps, Barriefield, under the Department of National Defence?
2. If so, what is his monthly salary?
3. Has his position been changed?
4. Is he a returned soldier?
5. Has he a preference in respect to a civil service commission position over other employees or applicants who are not returned soldiers?
6. On whose recommendation was he appointed?
7. What was his address at the time of his appointment?

Mr. MACKENZIE (Vancouver):

1. Yes.
2. Employed on day labour at forty cents per hour.
3. Yes. He was employed as a pumpman until 28th February, 1938.
4. Yes.
5. Yes.
6. Mr. A. E. Stansbury.
7. Elginburg, Ont.

ENTOMOLOGICAL BRANCH—SERVICES IN THE PROVINCE OF QUEBEC

Mr. LAPOINTE (Matapedia-Matane):

1. Does the federal government maintain an entomological service branch in the province of Quebec?
2. If so, what are the names of the officers, and on what dates were they appointed?
3. Were such appointments made by the civil service commission?

Mr. GARDINER:

1. Yes. The Entomological branch maintains entomological services in the province of Quebec.

2. C. E. Petch, July 2, 1912; J. B. Maltais, May 15, 1927; L. Daviault, June 4, 1929; W. S. Ryan, May 8, 1922; N. Beaudoin, May 16, 1924; N. Cameron, October 1, 1921; G. L. Giasson, June 19, 1925; P. Tache, June 18, 1929; Monro, H. A. U., June 23, 1931; True, E. A., October 14, 1925; Archambault, G., August 1, 1928; Guay, G., November 4, 1936; Gagnon, L. R., March 24, 1924.

The above officers of the entomological branch on March 22nd, 1938.

3. Yes, with the exception of C. E. Petch whose appointment was confirmed by order in council 2758 of October 8, 1912.

SOLDIER SETTLEMENT BOARD

Mr. BLANCHETTE:

1. What amount remains to be paid to the soldier settlement board by the purchasers of farms under its jurisdiction?
2. How much of this amount is now past due?
3. Granted that instalments are to be paid regularly, in how many years is it anticipated that all sums shall have been paid?
4. What is the administrative cost of the soldier settlement board and its entire staff for the years 1935-36 and 1936-37?
5. How much of this amount is for outside service?
6. How many settlers in each province are now under the jurisdiction of this board?

Mr. CRERAR: As at February 28, 1938—

1. $40,324,597.30.
2. $13,177,180.52.
3. 25 years. This takes care of resales and Farmers' Creditors Arrangement Act adjustments.

4 and 5.

	1935-36	1936-37
Loan administration cost	$552,307 39	$550,819 14
General land settlement	107,000 00	83,965 00
Investigations for other departments	92,254 00	89,560 00
Indian Affairs Branch—(Indian soldier settlement)	5,946 56	5,954 30
	$757,507 95	$730,298 44

6. British Columbia	2,379
Alberta	5,291
Saskatchewan	4,572
Manitoba	1,939
Ontario	1,460
Quebec	332
Maritimes	1,295

Note—"Outside service" in part 5 is taken to mean services outside strictly soldier settlement work.

EMPLOYED PERSONS IN CANADA, THIRTY YEARS OF AGE AND UNDER

Mr. ROSS (St. Paul's):

1. What is the number of employed married men in Canada under the age of thirty years?
2. What is the number of employed single men in Canada under the age of thirty years?
3. What is the number of employed married women in Canada under the age of thirty years?
4. What is the number of employed single women in Canada under the age of thirty years?

Mr. EULER: Figures not available for age group 30 years and under. Nearest available figures follow:

1. 66,343 (under 25 years); 512,226 (under 35 years)—Census of 1931.
2. 689,772 (under 25 years); 996,453 (under 35 years)—Census of 1931.
3. 9,020 (under 25 years); 30,570 (under 35 years)—Census of 1931.
4. 313,217 (under 25 years); 441,841 (under 35 years)—Census of 1931.

Estimated number of gainfully occupied in 1938:

(a) Males—826,000 (under 25 years); 1,706,000 (under 35 years).

(b) Females—356,000 (under 25 years); 543,000 (under 35 years).

(Estimates available by age and sex, only.)

DISMISSALS OF POSTMASTERS DURING 1937

Mr. NEEDHAM:

How many postmasters were dismissed from post offices with incomes less than $2,000 during the year 1937?

Mr. EULER (for Mr. Elliott, Middlesex):

Political partisanship:

Personal statement of member	27	
Investigation	39	
Admission	3	
		— 69
Shortages, financial irregularities, change of site, etc		156
Total		225

[Mr. Crerar.]

QUESTIONS PASSED AS ORDERS FOR RETURNS

PRISONERS OF WAR CLAIMS

Mr. GRAYDON:

1. How many claims for damages made by prisoners of war were heard by the various commissioners appointed by the Canadian government to investigate and report upon illegal warfare claims under the treaty of peace with Germany?
2. How many of such claims were allowed?
3. What was the total amount paid to those prisoners of war who successfully established their claims?
4. Is there at this date provision made for the hearing of claims of prisoners of war who previously made no claim under the terms of the said treaty of peace?

TRANSFER OF NATURAL RESOURCES—DISMISSAL AND REEMPLOYMENT OF CIVIL SERVANTS

Mr. HANSELL:

1. How many civil servants were dismissed as a result of their services being discontinued at the time of the transfer of the natural resources of Alberta on or about October 1, 1930?
2. How many of these civil servants were re-engaged in some other department?

MOTIONS FOR PAPERS

LEAGUE OF NATIONS—CANADA'S CONTRIBUTIONS AND EXPENSES

Mr. FAIR:

For a return showing—

1. What Canada has paid to date toward the upkeep of the League of Nations;
2. The amount (in detail) contributed by Canada to the league for the year 1937, including payments to delegates, advisers to delegates, etc.

EX-SOLDIER CIVIL SERVANTS WHO SERVED IN OTHER THAN CANADIAN FORCES

Mr. BOULANGER:

For a statement of the number, occupation and salary of veterans employed in the Department of National Defence, who have served in any other army than the Canadian army, the date of their appointment and the length of their stay in Canada prior to their appointment in the Canadian civil service.

For a statement of the number, occupation and salary of veterans employed in the Department of National Revenue, who have served in any other army than the Canadian army, the date of their appointment and the length of their stay in Canada prior to their appointment in the Canadian civil service.

For a statement of the number, occupation and salary of veterans employed in the Department of Pensions and National Health, who have served in any other army than the Canadian army, the date of their appointment and the length of their stay in Canada prior to their appointment in the Canadian civil service.

SUPPLY

USE OF CANADA'S FINANCIAL RESOURCES FOR ELIMINATION OF POVERTY—AMENDMENT OF MR. BLACKMORE AND SUBAMENDMENT OF MR. BENNETT

The house resumed from Tuesday, March 29, consideration of the motion of Mr. Dunning for committee of supply, the amendment thereto of Mr. Blackmore, and the amendment to the amendment of Mr. Bennett.

Mr. J. J. KINLEY (Queens-Lunenburg): Last night when the house adjourned I was discussing unemployment and I referred to the tribute paid to the province of Nova Scotia by the Minister of Labour (Mr. Rogers). The minister said that in this regard Nova Scotia had the best record in Canada, unemployment having decreased more than in any other province. We are proud of that record, but at this moment I am confronted with a situation that is causing me considerable concern, because I have telegrams from fishermen and fish companies in western Nova Scotia advising me that their vessels have been laid off and that the men are unemployed. I wish to make a last appeal to the Minister of Fisheries (Mr. Michaud), who is in his place, because on the first of April he must come to a decision as to whether he will continue the use of beam trawlers on the Atlantic coast.

I do not intend to argue this question at great length. Three commissions have given their decision. The Maclean commission was appointed by the federal government to go through Nova Scotia, New Brunswick, Prince Edward Island and the Magdalen islands and investigate the whole subject, and that commission reported against the use of trawlers on the Atlantic coast.

Mr. ISNOR: Was the report of that commission unanimous?

Mr. KINLEY: It was a majority report and I take it that a majority report is the report of a commission. However, for his information I may tell the hon. gentleman that Judge Maclean, the chairman of the commission, dissented from the finding of his colleagues, though he qualified his dissent with the statement that the beam trawlers should be used only for the purpose of taking up the slack and that the fishermen should have the first consideration at all times. Then we had the Jones commission in Nova Scotia, and that commission also reported against the use of beam trawlers.

Mr. ISNOR: May I ask the same question with reference to that commission? Was that second report unanimous?

Mr. KINLEY: I must give the same answer; it was a majority report. The English professor who was chairman said he did not know enough about it to sign the report, but apart from that the report was a unanimous report. Mr. Alex Johnston, who was deputy minister of fisheries for many years, and Doctor Ellis, of the university of Toronto, were members of the commission. Also the price spreads commission reported adversely to the trawler.

It seems to me that when we in Nova Scotia stand up for the fishermen we are accused of being opposed to progress. Well, if it is opposition to progress to stand by the fishermen, then the commissions to which I have referred must have been against progress. The people of our province, I can assure the house, are a progressive people, and they are not against progress. But our fishermen have not at any time received for their fish a price equal to the cost of landing fish by the beam trawlers, and I do not hesitate to say that if allowed to do so they can perform every function performed by the beam trawlers for the fishing company that has the privilege of using the trawlers. The company that has the right to use these trawlers uses them as a means of keeping down the price to the fishermen, who have no bargaining power. The fishermen in Nova Scotia are therefore in a bad way.

If the fishermen were employed to catch the fish needed for the Canadian people it would increase employment fourfold, and that is the vital thing to-day. The reason we are opposed to the beam trawler is that we do not need it. There are only about eleven million people in Canada and there is not a sufficient market for the fishermen and for these auxiliary beam trawlers as well, and my contention is that the fishermen are entitled at least to the Canadian market. The fishermen are citizens of the country and they should have the first consideration.

I am not going to keep the house much longer because this is a short afternoon and I understand that it is the desire to get through with this debate. I repeat, however, that on the first of April the minister must make his decision. Three times the fishermen have won their case before royal commissions and once this parliament spoke. In 1929 a law was passed in consequence of which there was an order in council which would have eliminated the beam trawlers. The matter

was taken to the courts, and then there was a change of government and it was withdrawn from the courts. Then another order in council was passed and has now the force of law. It reads:

1. A licence for a fishing vessel using an otter or other trawl of a similar nature, other than a small dragger operated by inshore fishermen, will not be granted, except under the following conditions:

(a) That the applicant for such licence shall furnish the Minister of Fisheries with evidence that will satisfy the said minister, that he cannot obtain an adequate supply of suitable fish to enable him properly to conduct and develop his business from the hook and line fishermen, and that if the licence is granted, the extent of his purchase of fresh fish from the said fishermen will not be adversely affected.

I realize that this is the law and the Minister of Fisheries must administer it, but before he comes to a decision I suggest that all sides be heard. I believe the deep sea fishermen were heard, but I do not know whether the inshore fishermen had that opportunity. They are all hook and line fishermen. I can assure the minister that if the licences are continued it will prolong a situation which will become aggravated as time passes, because the minister will be faced with other applications. I hope he will give the matter serious consideration and will study the question from all sides. If he does, I believe his judgment will be that the fisheries on the Atlantic coast can be properly carried on by the shore fishermen and the deep sea hook and line fishermen, because they could very well supply the market. I have telegrams from fish companies in Nova Scotia saying that there is an oversupply. The most successful company in Nova Scotia, which has plants in Lunenburg, Liverpool, Lockeport, North Sydney and one place on the Digby shore, never had beam trawlers.

Mr. ISNOR: What is the name of the company?

Mr. KINLEY: Lunenburg Sea Products. This company which has the beam trawlers to-day would be able to get its supply just as cheaply, and better fish, by buying from the fishermen. If the beam trawlers are given licences again at the present time, this will, as I said, aggravate the situation so that we shall be confronted with unemployment among the fishermen in Nova Scotia and may have to support them by giving them relief.

I leave the matter with the minister, believing that he will do his best to see that the fishermen get a square deal in this matter.

[Mr. Kinley.]

Mr. WOODSWORTH: Mr. Speaker, on a point of order, I submit that the amendment to the amendment introduced by the leader of the opposition (Mr. Bennett) is not in order. The original amendment reads:

That all the words in the motion after the word "that" be struck out and the following substituted therefor: "This house is of the opinion that for the effective removal of poverty from Canada this government has neglected and is now neglecting to use the resources of the dominion as adequately as the people of this country have a right to demand."

In the course of the discussion on that amendment the members of the social credit group in the house had a good deal to say about social credit, but in the amendment there was nothing whatever about social credit. Then the leader of the opposition moved the following subamendment:

That the amendment be amended by adding thereto the following words:
"but that the adoption of the policies of social credit as enunciated by its supporters in this house would afford no adequate remedy for such neglect."

In that he is, of course, making reference to arguments which have been advanced in favour of the amendment, not to the amendment itself. Some hon. members of other groups in the house, as for example my colleague the hon. member for Vancouver East (Mr. MacInnis) last night advanced an altogether different proposal, but the subamendment affords no opportunity for the house to pronounce on the adequacy of his proposal. I think the rule in this connection is contained in Beauchesne's Parliamentary Rules and Forms, citation 422:

The law on the relevancy of amendments is that if they are on the same subject matter with the original motion, they are admissible, but not when foreign thereto.

I claim that this subamendment is distinctly foreign to the original amendment. It is true that there are exceptions:

The exceptions to this rule are amendments on the question of going into supply or ways and means.

This subamendment, however, does not come under that exception. The exception is, of course, the introduction of an amendment that is quite foreign to the original question of going into supply. I take it that when an amendment is made to that amendment, it must be in keeping with the amendment itself, and cannot introduce new matter. From another angle, I think any hon. member will see that the subamendment must be quite out of order, because it will throw together people of utterly diverse views. It would have such an effect so far as our group

is concerned; we would have to vote for the subamendment, because we do not share the views of our social credit friends in this respect. This would not clarify the situation at all.

Mr. LAPOINTE (Quebec East): But if the hon. member has confidence in the government, he could vote against both the amendment and the subamendment.

Mr. WOODSWORTH: If we had confidence in the government, but this is a non-confidence motion so we shall have to vote for the original amendment. I suppose the only way we could clarify the matter would be for each group, when the subamendment is voted down, to substitute another amendment, which does not seem to be a very good method of procedure. Therefore, I submit that since the subamendment introduces altogether different matter from the original amendment, it is not in order.

Mr. BENNETT: I gave considerable attention to the rules of the house before preparing that subamendment, and I think it will be found that it comes distinctly within the rules. Citation 394 of Beauchesne provides:

A motion may be amended: (a) by leaving out certain words; (b) by leaving out certain words in order to insert other words; and (c) by inserting or adding other words.

The succeeding citation is as follows:

395. It is an imperative rule that every amendment must be relevant to the question on which the amendment is proposed. Every amendment proposed to be made either to a question or to a proposed amendment should be so framed that if agreed to by the house the question or amendment as amended would be intelligible and consistent with itself.

The relevancy rule referred to in citation 422, taken from Bourinot, 521-2, reads:

The law on the relevancy of amendments is that if they are on the same subject matter with the original motion, they are admissible, but not when foreign thereto. The exceptions to this rule are amendments on the question of going into supply or ways and means.

It will be remembered that the original motion before the house is that the Speaker do now leave the chair. To that the hon. member for Lethbridge (Mr. Blackmore) proposed an amendment the effect of which was, as the Minister of Finance (Mr. Dunning) pointed out, to raise the question of want of confidence in the administration on the ground that they have neglected to use the resources of the country to the extent they should. I realized at once that to be relevant one must connect the subamendment with the amendment. So these words are added:

but that the adoption of the policies of social credit as enunciated by its supporters in this house would afford no adequate remedy for such neglect.

That ties the subamendment to the amendment, because, as was pointed out by the Minister of Finance on more than one occasion, and I think properly, while there was no mention of the words "social credit" in the amendment, the whole discussion was on that footing. The mover of the amendment himself in his speech dealt with that at some considerable length, and the Minister of National Revenue (Mr. Ilsley) yesterday made extensive quotations from the works of Major Douglas and others dealing with social credit. The subamendment merely says that proposals made by one party in the house would afford no adequate remedy for such neglect, thereby completing the connection if it were adopted; for the effect would be to make a complete amendment of this, which is the rule with respect to relevancy; the words "such neglect" tying it to the neglect alleged. Then, if you read the two together—because the subamendment must make sense of the whole —you have a completed statement of the situation. I cannot see wherein the subamendment contravenes the rules cited by the hon. member for Winnipeg North Centre himself, and I confidently think that on a review of the authorities it will be seen that this is a subamendment which does come within the rules. It may embarrass those of us who have to vote, but I wonder if it occurred to the hon. member for Winnipeg North Centre that had the matter been left as it was, it was somewhat embarrassing, as pointed out by the Minister of Finance. As the amendment stood, the obvious remedy suggested for the present situation was that the principles enunciated by the mover and his friends, whether you call them social credit or anything else, provided an ample remedy for the evils suggested.

Mr. HANSELL: I have listened with interest to the point of order which has been raised. I do not wish to discuss that point particularly, but I should like to draw the attention of the house to another matter which is quite relevant. It is this, that the hon. member for Winnipeg North Centre (Mr. Woodsworth) did not raise his point of order until several hon. members had spoken to the subamendment. I am not saying that the hon. gentleman is not within his rights in doing so at this time, but I believe the nature of the subamendment is such that we should be fair in every respect. I shall go so far, Mr. Speaker, as to request what I think has been done in courts of law; if your decision should be in favour

of the point raised by the hon member for Winnipeg North Centre, and you should rule the subamendment out of order, I would request that you reserve your decision for the time being, because the leader of our group has not had an opportunity as yet to reply. I do not think this request is unreasonable, considering the nature of the subamendment.

Mr. SPEAKER: I have listened to the arguments advanced by the hon. member for Winnipeg North Centre (Mr. Woodsworth), and also to what has been said by the right hon. leader of the opposition (Mr. Bennett). Under standing order 48, regarding privileged motions, paragraph 394, subsection (c) states that a motion may be amended by inserting or adding other words. In this subamendment the leader of the opposition has added certain words. Thus, in my opinion, the subamendment is in order, because the amendment and the subamendment both deal with the manner in which a certain situation may be improved. This is sufficient under the rule of relevancy. Therefore I believe the subamendment is in order.

Mr. WILLIAM HAYHURST (Vegreville): Mr. Speaker, when I hear the quibbling about words and the use of words, and when I consider the number of words that are used in this house, I think possibly we should be more practical in our suggestions. The other day I heard one hon. member mention Bishop Berkeley, and I am reminded of the statement made by that gentleman at one time, that there was no matter. So the wags of that day said it was no matter what he said. Then, when Bishop Berkeley said, "All is mind," the wags said, "Never mind."

We have had a good deal of discussion in the house with regard to the vital question of removing poverty, and I am sure the hon. member for Winnipeg North Centre (Mr. Woodsworth) would entirely agree as to the desirability of doing that. During this debate hon. members of different parties have made many statements with which we are all in entire accord. As I see it, this debate has been excellent in that it has provided much useful information regarding the banking system of this country. It has also shed light on the conditions that might lead to a further depression, as the right hon. leader of the opposition (Mr. Bennett) suggested yesterday. Speaking generally, we are getting expressions of the opinions of prominent men with regard to the vital questions which are facing not only Canada but the whole world to-day. The spirit that has characterized this debate, on the part of members of all parties, has been gratifying to us, because we feel that a realization of these difficulties is dawning upon us all. If we are to make Canada a greater and happier nation we must come to some common agreement, and this debate appears to have brought out a spirit of tolerance and good will, at any rate in this house, although at noon to-day the hon. member for Yukon (Mrs. Black) told me that yesterday afternoon she thought it was more like a bear-garden.

With reference to the subamendment, may I say that no plan or policy has been enunciated from this corner of the house. We have been endeavouring to get a principle recognized; hence the introduction of this non-confidence motion. We have felt that at present industry fails to create effective demand for its own production, and therefore additional money should be issued, in the form of old age pensions or in other ways, to make up this deficiency. I should like very much to compliment the right hon. leader of the opposition, the Minister of Finance (Mr. Dunning) and the Minister of National Revenue (Mr. Ilsley), upon their contributions to this debate. It seems to me their solicitude for the people of Canada is very real, and if we are to go forward together with the unswerving purpose of solving our difficulties, it is above all things necessary that we be frank in these discussions. As the leader of the opposition so ably stated, the deposits in the various banks, your account and mine, must be protected from those who would inflate their value to such an extent as to make them almost worthless.

In this country the results of a mistaken monetary policy are clearly evident. They can be seen in many ways: First, the widespread insolvency of agriculture, and that applies to the east as well as the west; second, the withering of exports and therefore imports; third, the insolvency of our railways; fourth, the serious straitening or straining of our municipal, provincial and federal finances; and fifth, the unemployment that we have on all sides. We cannot turn our heads away from or shut our eyes to these facts. Quiet deliberation will disentangle these knots if we are prepared to work together with understanding sympathy and knowledge. Yesterday the Minister of National Revenue referred to the loan council. It is my understanding that Saskatchewan adopted a modified form of the loan council, but that by the time Saskatchewan took this action Alberta had defaulted. This placed Alberta in an unenviable light.

There is a firm conviction in the average mind that there is no wealth without money.

To-day there exists far more wealth than there is the equivalent in money, but at the same time a great many people are under the impression that when you produce goods you produce money. This is entirely erroneous. That statement is borne out by the fact that in 1926 Saskatchewan produced 220,000,000 bushels of wheat for which the farmers received approximately $1 a bushel, or $220,000,000. In 1932 they produced approximately the same amount of wheat, and received only $56,000,000 for it. They sold approximately the same quantity of grain for one-quarter the price. While prices to primary producers had been thus driven down, there had been no similar decline in the cost of financial credit to the farmer. When the farmer borrowed a dollar in 1926, it meant borrowing the equivalent of one bushel of wheat. When he had to pay back this debt in 1932, the value of one dollar expanded to the equivalent of more than three bushels of wheat. It is no wonder the people in the west are demanding monetary reform.

It is quite evident from this that the production of goods does not create money. Money or buying power is created by the banks, and unless there is a constant flow of money or its equivalent to enable buying power or consuming power to keep pace with production, we shall be constantly faced with situations similar to those existing in Saskatchewan. I do not propose to discuss the matter in too technical a manner, although the Minister of Finance and the Minister of National Revenue have mentioned the A plus B theorem of social credit. As a matter of fact, as was pointed out by the hon. member for Winnipeg North Centre, that subject really was not mentioned in the amendment.

I choose rather to speak about the situation as it appears to me. These days we hear much regarding the efficiency of Canadian banks. Some hon. members may be surprised to hear the statement I am about to make, from this section of the house. Banks in Canada have been adversely criticized, but we must realize that our Canadian banking system is on a much higher plane than is the case in some other countries. In the past, as compared with the system of the United States, the Canadian banking system has worked satisfactorily. The fact is that each branch bank relies not upon its own strength or resources, but upon those of the whole system. For instance, if banking in southern Saskatchewan, south eastern Alberta or other afflicted parts of Canada had in the past few years been in the hands of small, individual banks, investing a large proportion of their resources in the areas they served, it is possible that those stricken areas would have had to bear the additional burden of bank failures.

It may be unfortunate, but it seems to be true that large scale business requires large scale banking. Much more is demanded of banking to-day than was demanded a few years ago. This condition has given rise to the need for a central bank. Let us hope that our central bank will not become a political football. Many hon. members have said that the monetary system must be based upon the confidence of the individuals using it. It must be evident that many people would abuse any kind of credit, no matter in what form it might be given them, because their integrity and honour are not on a plane which would justify an extension of such credit. So that whatever system is developed, it must of necessity depend upon the type of individuals comprising it.

Whatever the future ramifications of our economic life may be, one thing alone will matter, and that is character. No banking system can grow amid uncertainty and distress. At this point may I read from the speech of the Minister of Finance:

> Government spending cannot make up for the paralysis of private enterprise and of private spending which is created by fear and uncertainty. Under an absolute dictatorship, with complete regimentation of business and the private citizen conditions might be different; but under an economic and political system such as ours it is essential to maintain the confidence of the millions of individuals and organizations that make their own decisions as to whether they will or will not spend or invest.

With that I entirely agree. At a later point in his speech the minister said that there is a shortage of purchasing power in the hands of consumers. That, of course, is well known by every hon. member. We all realize that while there is plenty we have poverty. As a matter of fact I have in my possession a letter from a man who served thirty-five years in the Post Office Department. He was one of the earliest settlers in the Northwest Territories, but because he did not pay to a contributory pension scheme he is now left on relief, and is pleading for work. I am reminded of a poem of Robert Burns in which he said:

> Who begs a brother of the earth
> To give him leave to toil.

If people will not spend or invest, trade must suffer. The reason some people do not spend or invest is that they do not have the money. A reduction in exports leads to a decline in industrial employment. On the other hand, industrial employment leads to effective demand; and effective demand is more completely generated by reducing the

cost of goods, or by increasing purchasing power. The exchange rate tends to be regulated by the country's trade. More trade should lead to more consumption, and more consumption to more production.

Regarding the financial system as it exists in Canada, I can speak only from practical experience. It seems to me that in the past interest rates have been much to high. Consequently many people have been forced into liquidation or, if not forced into liquidation, they have had to fight an uphill battle in an endeavour to put themselves in a liquid position. The increase in private and public debt has made our financial structure too great a burden for us to carry. Some new policy will have to be devised. So far as I can see, it may be necessary to devise a policy of controlled inflation, based upon our gold supply. I merely make that suggestion, realizing of course that more money must be put into the stream of society. The government has made no statement regarding any policy it may have in this connection, and the people of Canada are anxiously awaiting an announcement of government policy.

With respect to expenditures Charles Dickens has been quoted. It will be remembered that the advice given to Copperfield was:

> Annual income twenty pounds, annual expenditure nineteen nineteen six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery.

To put this in modern form, we should be able to balance our consumption with our production. It seems likely that the government is waiting for the recommendations of the royal commission now investigating the whole system of taxation in the dominion. We sincerely hope some positive plan will be suggested by the commission for recasting the financial basis of confederation, and halting the process of piling deficit on deficit and debt on debt, and that they will bring forward a definite method of dealing with the staggering burden built up by our governments since confederation. Discordant forces may defeat our national aims. Sectional differences may make Canada a more difficult country to govern. It is necessary for us to develop a better national conscience. This nation, dedicated to the great ideals of liberty, unanimity and fraternity, with its diversified population, should become a beacon to the world. We must choose for greatness; we must think of Canada as our greatest Canadians have thought of it, facing on the east the great nations of Europe and on the west the new and awakening teeming millions of the orient.

Under the present economic system it is expected that the consumer will buy back all the products of the country, but it seems that under these conditions we frequently have an undistributed surplus. A lowering of salaries and other types of purchasing power means that there is underconsumption, and thus the consumer is not able to buy back with wages what an article has cost, not only in labour but in machinery to produce. Arguments as to the technological development of mankind have been introduced into the house too often to mention them again.

We have two types of credit—the real credit which is the producing power of the people and the financial credit which is the purchasing power. These two types of credit must be kept equal and to do that is the duty of the government. Prices should be regulated in accordance with the country's production over a given period as compared with its consumption calculated from statistics taken from industry itself. As I see it, eastern and western Canada both have their troubles, and there must be fair play as regards both parts of Canada if we are to develop a true spirit of harmony. Looking upon the field of battle, we see some who are willing to cut debt and recover millions by taxation, while others are willing to issue millions and repudiate our debt by inflation. The battle-cry of all parties in the west has been monetary reform. The Minister of Agriculture (Mr. Gardiner) is reported by the newspapers as having said recently in Edmonton that we are fighting for this reform. He said that changed conditions must bring this about.

We must set our minds and wills toward a more generous and more just distribution of the means of life. This will not be secured by violence or by any war of classes which would in the long run be as shameful and as futile as a war of nations. Thus far no proposals have been made as to how this might be done, but it has been intimated on several occasions that that is the purpose of this particular group in the house. We have considered this question, and we believe that the purpose of industry is to produce goods for the sustenance and enjoyment of man. The purpose of science and machinery is to produce those goods in abundance and to save labour, and the purpose of money is to enable those goods to be distributed.

We have three proposals to offer: First, that the basis of the money system should be the country's productive capacity; second, that

our financial wealth should be based on real wealth and, third, that prices should be regulated in accordance with the country's production over a given period as compared with its consumption calculated from statistics taken from industry itself. In a democracy the national welfare can rise no higher than its source, and that source is the general enlightenment of the people. As the people become enlightened, so do they demand better living conditions.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I should like to say a few words in connection with the amendment which was moved on March 8 to the motion to go into supply. The debate on this amendment was continued on March 14 and again on March 22, when the whole day was taken up. The afternoon and evening of March 29 was taken up in this discussion, and we are considering it again to-day. If it continues long enough it will reach its right place on April Fool's day next Friday.

I want to say to the hon. gentleman to my left, whom I highly regard, that I sympathize with the people of the prairie provinces. They are suffering many ills and hardships, but ills are one thing and remedies are another. If the patent medicines and quack cures and remedies proposed are what this country needs, then we had the same kind of patent medicines and palliatives in the days of the younger Pitt, of Burke and all the rest of them. All this reminds me of the principle underlying the League of Nations, which the hon. gentlemen support so much. There would seem to be relatively the same principle. If the problems of peace or war, of trade or commerce, of migration and immigration could be solved by formulas, all these problems would have been solved three or four hundred years ago. The same troubles were facing the world in the days of our Lord. He went into the temple and overthrew the tables of the money changers, and said unto them: My house shall be called the house of prayer; but ye have made it a den of thieves.

The hon. gentlemen to my left probably believe conscientiously that their cure is the right cure. They are entitled to their opinions. They have asked many times that some relief be granted to the people of the prairies; they plead so often and long for some lost cause. But let me call to their attention the fact that they have forgotten entirely the plight of the suburban worker. The greatest enemy of the prairie provinces is the doctrine of free trade. The real enemies of the prairies are not east of the great lakes, they are to be found in the west. The elevator combines and the grain combines have fleeced the farmers of the west out of their rightful high prices for their crops. We have had many private members' motions introduced at this session. The government has a total of 175 or 176 supporters in this parliament and we have heard many arguments between the free traders, the protectionists and the moderate protectionists in the government ranks. As the late Hon. J. Israel Tarte said, platforms were made to get in on and not to stand on. The policies of the hon. gentlemen to my left were made to get in on but not to stand on. But the people of the prairie provinces themselves are sick and tired of this battle cry of social credit which is not adapted to a country like Canada. This matter was raised the other day in the British house and Captain FitzRoy, the speaker, was called upon to give a ruling when reference was made to "social humbug." They questioned whether under the rules of the house that phrase was in order, but it was employed with reference not to an individual but to a policy.

Now in this "mother of parliaments" in Ottawa what have we this session? This is the forty-fifth day of the session. What have we done? All we have done is talk. The other day some hon. members had a good deal to say about foreign affairs. I have no quarrel with my hon. friends on the left who proposed and support this motion. I know them all, and I like them. I sympathize with what they say as to the failure of this country to solve the great question of distribution, the function of money and the basis of credit. I sympathize with the worker and the toiler, not only the agriculturist but the industrial worker. It is intolerable that in a land of milk and honey like Canada, with its vast resources, he should be in his present condition. So what I have to say is directed not in any spirit of criticism against hon. members on the left, but rather against some of their policies. As I have said, I respect their views and I recognize that they have given a great deal of attention to their duties here. But I cannot see where the policy they propose will solve the economic or social problems of this country. Those problems are not going to be solved by majorities in parliament or by parliamentary repartee; they cannot be solved by quack remedies which were proven two hundred years ago to be wrong. They call for broad national service and sacrifice on the same principles and basis as the sacrifices which were made during the war, and for a remedy as drastic as conscription was when then applied. So true this is that some people in this country, in face

of the railway problem, unemployment difficulties, the situation of the municipalities, the way the industrial workers are treated in Canada, and the failure of parliament to act, begin to long for a dictator to arise in this country and solve our problems on a practical basis, and give quicker and saner relief.

Mr. LAPOINTE (Quebec East): Order!

Mr. CHURCH: These quack remedies, as I call them, of hon. gentlemen here—for that is all they are—cannot cure the present industrial and social problems of the country. This is a propaganda session. Up to the present time this government has done little or nothing to solve our difficulties. Take for example the motion of the hon. member for Moose Jaw (Mr. Ross), of protection versus free trade, which was brought forward as a cure for the ills of the west. What was his attitude towards the people down east in Ontario and Quebec, the industrial provinces that are paying pretty nearly all that the Minister of National Revenue is going to collect until the end of April?

The last session was almost entirely a Saskatchewan session. Three members of the cabinet—the Prime Minister, (Mr. Mackenzie King), the Minister of Finance (Mr. Dunning) and the Minister of Agriculture (Mr. Gardiner) come from or used to represent that province. The farmer out there can deal with a municipality for his seed and feed and gasoline and all that, but when it comes to the poor industrial worker, who represents fifty-one per cent of the people of our province, they who also are suffering from drought, an economic drought, they are put out of their houses and homes, they are suffering from the drought of unemployment, but they get no protection from this parliament. Their mayors won't even be heard and must go to the provinces. Yet here we find people who are elected from the prairie provinces criticizing the economic system of the country.

Canada will have protection as long as it is a country. I have seen movements of this kind before in Ontario. I saw them rise in the province of Ontario in the days of the Patrons of Industry and the Drury days. Some of the followers of that creed were not farmers at all. They were represented in a later government, the Drury government, and they proposed some palliative or rather some quack remedy for curing the difficulties of the times. What did Mr. Drury say when he came to meet the present Prime Minister of this country? He presented a brief on behalf of the Canadian Council of Agriculture. The gentlemen to my left are in a sense his successors. What was the attitude of this 1923 council of agriculture? They denounced the industrialists and the industrial workers, the men who are paying in Ontario and Quebec eighty per cent of the cash taxes, the men who get little or no federal aid, but whose income tax is used to pay for the drought in Saskatchewan and to help carry the bankrupt provinces. Mr. Drury on behalf of the Farmers' government, the predecessors of the group to my left, the successors of the haycock Patrons of Industry movement, and speaking on behalf of the council of agriculture, denounced the industrialism of Ontario and Quebec. He said they were a lot of robbers, and declared that the farmers of the west had been plundered for many years by protection. The result was that no industrialists and no financial man would invest at that time a cent in industry in Ontario and Quebec, owing to the uncertainty as regards the tariff and the attitude of Drury and his supporters.

What have we in the prairie provinces? A free trade party. The predecessors of the group to my left, the C.C.F., who were in the house when I was first elected to parliament, were men with a great deal of ability; they comprised, I believe, what was called the Progressive group. One tends to forget these names, they are like the titles of the ministers, who are called by so many high sounding names,—for instance the minister of "natural resources," I think one is called now: when the free traders get through with Canada you will have to give that minister a new name. The Progressives were among those who supported free trade. They said our grain trade was a north and south industry instead of an east and west and overseas industry, going to the markets of the world. They wanted reciprocity and lower tariffs and free agricultural implements. All this erroneous talk of social credit has done much to ruin the farmers of the prairie provinces, but we hear it again during this session—this cure for all of Canada's ills, this propaganda session; for that is all that it is.

The other day I compared this parliament with the mock parliaments of Varsity and McGill, but in those universities they deal with more practical problems. I notice that some of the ministers sitting opposite have been addressing those students. You will hear far more practical speeches in those parliaments than you do listening to these social cures in this mock parliament, for that is what it is.

Mr. DUNNING: Let the hon. member speak for himself.

Mr. CHURCH: You are wasting your own time and everybody's time and you are not going to cure anything in Canada by this motion. The leader of the social credit group in Alberta used to be in the bible class game, which is a clean game. The game we are in now is at times a pretty dirty game. I used to be in the bible class game myself, although, unlike the hon. member for Greenwood (Mr. Massey) I got out of the Sunday school work when I entered politics.

Yesterday my right hon. leader made a speech which is well worth the attention of every man, woman and child in this country. I am glad that he put that speech on Hansard. I lost pretty nearly all the money I had in 1930 through not taking his advice; had I seen the crisis coming I should have been on easy street to-day. His views to-day are, I believe, those of the business men of this country. The conduct of business should be left to those who understand it, the men who are in business, and there should be as little state regulation as possible. I believe that the present Minister of Finance does understand business. In my opinion we should drop all these quack beliefs and quack remedies and political patent medicines for our business and social ills and consider the good of all the provinces. Canada will continue to be a protectionist country. The right application of the doctrine of protection will solve the problems of all the provinces from Vancouver to Halifax.

Let me say to hon. members from Alberta that I recall, the second session I was in the house, pleading the cause of the coal mining industry in that province. The miners in Nova Scotia and Alberta and elsewhere I thought needed a national fuel policy, so that all the coal we used should be bought under the British flag. I advocated a measure of protection for coal and steel and iron. You, Mr. Speaker, were in the house and supported it. I favoured a system of bonuses and subventions and subsidies in respect of coal and steel and iron, all along the line; grain also in Canada. The doctrine of protection should, I said, be adopted. What was the result of that policy? I proposed a committee be appointed. Hon. gentlemen opposite opposed it. The late Sir Henry Thornton said that I was proposing a lunch-counter system of freight rates for the people of this country. I told him it was better to have a lunch-counter system—I do not know whether Sir Henry ever dined at a lunch-counter—to save these people on the prairies and in the maritimes by increasing their sales of grain and coal, than to send $52,000,000 to the United States to pay wages and the dividends of the Pennsylvania coal barons. Under that policy the coal industry in the maritimes has been converted to a prosperous industry and last year sent three million tons of coal to the head of the lakes, economically.

The day to day conduct of business should be taken out of the hands of commissions and professors and highbrows and people of that sort and given back to the business men. What is wrong with the prairies? It is not the manufacturers east of the great lakes that destroyed the west but the people themselves in the prairies, through their grain combines, their elevator combines, their transportation combines and all the combines which the Conservative party disclosed in the mass buying commission. If ever a political party in Canada worked for the toilers and the farmers of Canada it was the Conservative party, when my right hon. leader appointed that commission and appointed the mass buying committee. The commission revealed a state of affairs for toilers, farmers and industrial workers that made every Canadian hang his head in shame. It was discovered that the toiler, the poor farmer and the poor industrialist were the forgotten men.

Let me say to hon. gentlemen to my left that they are not the whole people of Canada. There are sixteen or seventeen members in the Social Credit party out of a membership of 245, but they prevent this house from getting into supply and making provision for the needs of our cities and towns, for our industrial workers. If you ask me, it is not altogether a sporting gesture on the part of hon. gentlemen to my left—and I know that many of them are good sports—to take up several days when other toilers cannot get their case before parliament.

The government has under consideration just now a measure which in my opinion will seriously jeopardize the prosperity of Canada. The greatest measure of prosperity we have ever had came from the empire trade agreements of 1932. They helped not only eastern Canada but the prairies as well. Mr. Chamberlain the other day told a Conservative convention in Birmingham that as a result of the British trade agreements trade had increased for the nine provinces of Canada and for the other dominions forty-two per cent, and that Britain's trade to the dominions went up 47 per cent. My leader's policy in that connection has been twice blessed; not only has trade increased with the mother country, but, as Mr. Chamberlain said in his last speech as chancellor of the exchequer, the policy of preferential trade between the dominions and the mother country has had

another aspect: it has increased the flow of foreign trade between Britain and other lands.

I am sorry that the leader of the Social Credit party who introduced this motion saw fit to have this debate last so long. Their leader asked the house and members to discuss it and take part in this debate, but now that so many members have spoken I think it is well for someone to put before the house the condition of the industrial workers of Canada. I should like to take some hon. gentlemen from Alberta to my riding, to the district represented by the hon. member for Greenwood (Mr. Massey), and other industrial centres in Ontario. The hon. member for Greenwood could tell them something about the Christmas funds of the newspapers—Christmas cheer for the toilers out of work. Let them visit the homes of some of these industrial toilers and other people and see the conditions. Many of them have been sold under the hammer, men who have had employment have been driven to the wall, because the time of parliament is taken up discussing Saskatchewan.

What is the government's policy for the amelioration of the condition of the industrial workers? I do not see the Minister of Labour (Mr Rogers) in his place to-day, but I can tell him the municipalities from coast to coast are anxious to know what the government proposes to do about the present tax structure. Where are we drifting? The mayor of Belleville, in the Globe yesterday, referring to this parliament, used rather strong language; he said that we did nothing but smoke cigars. I do not smoke cigars myself, but the impression exists nevertheless that, the mayor of Belleville said, we simply sit around committee rooms and appoint a minister to apply chloroform to delegations that come here seeking assistance for the workers. The municipalities are as much entitled to have their case presented here at length as my hon friends are to discuss abstract questions. We were called obstructionists because we spoke for half a day on relief, but my hon friends have been discussing the monetary question for several days now. And so far as the government are concerned, they seem to be pinning their faith to the proposed United States trade agreement which they are now contemplating. They are all for free trade when elections are on, and they have a different policy for every province; but when they come here they simply move the tariff up or down five or ten per cent.

In my opinion social credit has been a failure where tested. It is not adapted to our circumstances at the present time, and it could not be carried out. My hon. friends have been criticizing the financial and banking policy of the country and they have spent a good deal of time discussing the functions of money and the basis of credit; it started before confederation. My leader was absolutely right with reference to the Bank of Canada, and the present government will find that out to their sorrow. The Minister of National Revenue (Mr. Ilsley) put a number of questions to the leader of the opposition. He is not here now; probably he has gone out to fire a few more officials.

The United States treaty which the government proposes to put through in the two or three weeks during the adjournment will not accomplish what they expect. When we came here at the opening of the session we saw forty-seven pages of items which the United States government suggested we should discuss with respect to further reciprocity with Canada, as reported in the local press on January 8. The people of the United States were asked to write to the trade department at Washington, stating their views with respect to all those items and after March 15 a public hearing was to be held. What will this government do? Will they consider adopting the same method and procedure here in order to give the business men of Canada an opportunity of being heard in the same way by letter and at a public hearing later, such as the hearing that took place in the United States on March 14, before any proposed agreement is consummated? Will the government consider consulting the Canadian industrialists and agriculturists regarding the effect of the proposed agreement on the Ottawa agreements? In England this course is being followed. Mr. Chamberlain has invited the people of England to write and tell him their views with respect to the certain matters of importance to them. Long before the mover of this amendment came to the house I pleaded for the workers of this country. Back in 1936 I contrasted the precepts of Christianity with the way in which our industrial workers are used, contrasting our professions with the ruthless competition, the cruelty and vice of present day business and industry. I said that here personality counts as nothing; the dollar is all supreme; modern life is all machine life, soulless, a life of standardization, high speed production, a highly efficient organization for the making of profit. Everything is done in the mass, and life is made uniform, monotonous and artificial. Dividends are the chief objective; to get dividends human beings are sacrificed. Wages are shockingly low, often below the level of mere subsistence, so that people

are forced into immoral and criminal ways of life to eke out a precarious livelihood. The maximum is exacted in hours of work in return for the minimum in wages. Senior employees, whose lifeblood has been drawn from them by long years of faithful service, are in many cases cast out without retiring allowance to make room for younger and cheaper people. It matters not what suffering is entailed for human beings so long as the stockholders are paid their dividends. This amazing selfishness and shortsightedness of the modern industrial system is creating a progressively lower standard of living and a vicious struggle-for-existence philosophy on the part of the people, increasing the serious social problems which must find their tragic solution in either war or revolution. In the face of modern methods of competitive living, the royal law of love, "Bear ye one another's burdens and so fulfil the law of Christ," is a hollow mockery in Canada, a presumably Christian country. This is the contradiction of modern life; a truly wonderful appreciation of the value of the single soul in some quarters but an absolute denial of any such value in others.

Those words are absolutely true to-day of the position and condition of the industrial workers in the industrial provinces.

Trades unionism in Canada was given a great stimulus by Sir John A. Macdonald's national policy tariff of 1878, which with some variations has been continued by all parties to this day. This policy was, our own markets for our own products, our own work for our own workmen. That has been practically the policy of hon. gentlemen opposite. as well as of this party from 1878 to date. The Conservative party was the author of that policy and has been consistent all these years. The trades union movement is a protectionist movement, and labour has been the back-bone of Conservative strength in Canada.

It is time that trades unionists should form a large and valuable part in the Conservative party. Members of trades unions have a stake in the country and in the welfare of Canada's industries, and standards of living and of craftsmanship to preserve for themselves. The real old-time trades unionist has never been much given to socialism either in England or in Canada. Socialism as tested in Canada has been a failure. It is built up on economic inaccuracy, errors in psychology, and demagoguery. Canada's socialists have been so preoccupied with foreign affairs, and some of them with their own advancement—professors I refer to—that they have had no time to help solve Canada's domestic problems. I believe that a right application of the doctrine of protection brought up to date will solve all the economic ills of the country. Agriculture has been traditionally associated with the Conservative party. The socialist movement in Canada has been largely directed by political adventurers and ill advised professors and intellectuals of little vision.

The Conservative party should make a union with the real trades unionists who, ever since 1878, have been Conservatives, and give them some support. The real trades unionist in Canada has but one object, to preserve and safeguard his own industry and advance the real standards of life of the men of his union. If communism in Canada is to be defeated, it will be by the Conservative party offering to organized labour in Canada something better than the mover of this amendment has to offer, and something better than a decaying international minded socialist party is offering, which has no real plan to solve the social and industrial problems of to-day. We shall have to get such a plank in our platform. Our party, since Macdonald's day, has commanded a large majority of the trades unionist votes.

At the time of the general strike in England Mr. Baldwin and Mr. Neville Chamberlain saved England from revolution by offering labour something of an alliance with the real trades unionists over there. We should do the same. We shall have to make some changes in policy to secure their support. We must concentrate on home building and owning and on domestic and social questions, preventing the exploitation of labour by big manipulating financial interests. We must bring our party back to the masses, who have always been its refuge and strength. We have always been the friend of industry, of agriculture and of municipalities. We must cease having anything to do with the big financial interests if we are to hold the great body of the working classes and those whom Disraeli called the suffering millions, and get back to government of the people, by the people, for the people.

We have been hearing propaganda until I am tired. It started on the government benches, between the free traders and others, and now it has spread to our colleagues on the left. I am sorry that so much time has been wasted. I think if the hon. member who moved this amendment would only devote a little more attention to the domestic problems of his own province it would be more useful. Let me direct the attention of the hon. member and his group to the oil industry; what have they done in the forty-five days we have been here to save the farmers on the prairie from the oil combine? Mexico has seized the Canadian

and British plants. Canadians are dependent on imports of gasoline, and oil is imported, while in the Turner valley the output is limited to forty per cent, and yet the farmers on the prairies are crying out for oil. What are my hon. friend and his followers doing in the house? In the sessions of 1922 and 1923 I proposed that the dominion government should take over the Turner valley oil operations and by pipe line bring the benefit to the farmers of the west and the east. If it was done in the east with falling water and electricity, why can it not be done with gasoline? Hon. members from Alberta would be better employed in drawing the attention of the house to the forty per cent limit on the oil industry in Alberta, while Canada is importing oil through trusts and combines which have been before the tariff board and many commissions.

Our banking system may not be perfect, but I think it is true that for every dollar the prairie people have put in the banks they have taken out three or four. I wish that opportunity were extended to the industrial workers, that you put in a dollar and borrow four or five. I would like to get some of these social credit cheques to pay some of my debts. At one time I did not have any debts, but I have a few now. I should like to get some of their scrip; I shall buy it at five dollars a hundred, but I do not know whether I could get rid of it at that. Social credit has been a failure in England. These quack remedies have been held out since the days of our Lord and we shall always have them. If we are not going to be a useful parliament, let us go back home and have a dictator. If I sit here for another forty-five days like this, I shall vote for a dictator in the next election.

I wish the leader of our party were in charge of the affairs of the country. Hon. members opposite are simply adopting all his economic remedies. He is the head of this party, and long may he so continue. I hope he will reconsider his decision to retire. We do not want any imports from the duPont dynasty over our party. We have a leader whom we trust, the truest, ablest, most faithful and most courageous we ever had or the country ever had. While he may not now be the Prime Minister of Canada de jure, he is the de facto leader of this house and so head of the government, because they are adopting all his work and taking credit for his progressive measures. He saved Canada by his 1932 trade treaty with Great Britain, and the grain growing industry by hedging the grain and calling up the whole strength of the country. The Ottawa agreements have

stood, and they were brought in by my right hon. leader, a man who has some interest in the working people, the first leader of a party since confederation to do anything in the matter of regulating trade and commerce and appointing a mass buying committee. One or two hon. members opposite are now laughing. Their party shunted the social legislation into the law courts, but they swallowed the trade policy of my right hon. leader holus-bolus. In their platform of 1919 they included unemployment insurance, but now they have shunted off all these questions to a commission, and rely on the law courts to save them. Why does not the mover of this amendment go to the Rowell royal commission, to which the municipalities are sent?

The Minister of Labour (Mr. Rogers) is one of the twentieth century Liberals, if you please; yet he refuses to receive the mayor and board of control of the city of Montreal. That is the new kind of Liberalism we have in this country; they refuse to receive the representatives of the people in the industrial provinces of Ontario and Quebec, which are paying eighty per cent of the cash taxes collected by the dominion, while the poor toiler has his property taken away and auctioned off. Day after day we sit here and listen to the talk about Saskatchewan, but we cannot get the same treatment in the industrial provinces. This year we are spending $36,000,000 in the prairie provinces, and last year it was $60,000,000. Who is going to pay for it all?

My hon. friends from Halifax were talking the other day about this question of aid to the municipalities, and I was glad to see them taking an interest in it; some of my colleagues to my right urged the same thing. Are we, representing the people of the industrial provinces of Canada, to sit here day after day doing nothing while, as the hon. member for Vancouver-Burrard (Mr. McGeer), a former mayor of Vancouver, said, many of these municipalities are bankrupt because this parliament has made a raid and taken away their revenues? The municipalities had the income tax from the time of confederation down to 1918. Then these greedy provinces came along and a second levy was made after a federal raid, so the municipalities had to lose the income tax and other revenues. If hon. gentlemen to my left want to do something practical, let them solve the railway problem, unemployment, restore private property and distribution. We had three railways when they were not wanted forced upon the industrial workers of Canada.

I did not intend to speak at this length, because I wanted to see a vote taken to-day. If that is not possible, let us talk until Friday and have the vote taken on April Fool's day. Then the people will know how much they can depend on the quack remedies and the patent medicines of these new Napoleons who have come out of the west. They think they can grab a hat and pull a social remedy rabbit out of it; that you can become a millionaire in a minute and pay your grocery bills, doctors' bills and so on by turning on the printing presses. They think it is a game. I went to the hockey game the other night for seventy-five cents, to see the Minister of Justice's (Quebec) team play. Social credit money is not acceptable in business or to pay to get in to see a game. They want a certified bill of the government of Canada. The Minister of National Defence (Mr. Mackenzie) knows that, because I see him at these rugby and hockey games also. I do not see him handing any social credit scrip over the counter; he knows they would not take it in hockey or rugby games. Mind you, the banks have not done all they could. They are too hard on the retail man, and lending is not what it should be. The banking system has made many mistakes, but they are in the regulations, not in the general basic banking principle, and in not affording safer and much easier credit to farmers and others. The branch manager is guided by the city manager and the head office, and can hardly lend a dollar without consulting the head office inspector. That is a mistake.

Mr. SPEAKER: Order. The hon. member's time has expired.

Mr. CHURCH: Thank you, Mr. Speaker. I am glad I do not have to speak until April Fool's day, anyway.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, I believe there is a general desire for a vote this afternoon, and I shall not take up so much time as to prevent the attainment of that desirable objective.

The debate on the amendment introduced by the hon. member for Lethbridge (Mr. Blackmore), the leader of the social credit group, has now occupied the house on a number of occasions. I agree with the hon. member for Vegreville (Mr. Hayhurst) that it has produced a vast amount of information which is on record in Hansard. Of how much use that will be to the general public of Canada in acquiring an understanding of monetary problems is, of course, a matter of opinion, especially as Hansard contains not only information but also misinformation. As to who has been responsible for furnishing the one or guilty of perpetrating the other, that again is a matter of opinion, but I believe such debates do have value, particularly, as on this occasion, when the social credit group have had an opportunity in a full dress debate of placing before the house their suggested remedies for the conditions which their amendment sets out. One might disagree as to the accuracy of their statement of conditions. Many members of the house of course disagree with their proposed remedy, and many members have objected that their remedy has not been set forth in any understandable manner. At all events my hon. friends in the corner will admit, I think, that on the occasion of this debate they had ample opportunity to develop any concrete proposals which they had in mind for the purpose of dealing with the present economic situation in this country.

I think, too, after sitting in the house for three sessions, this being the third session during which the social credit theory has been represented by members in this chamber, they will agree with me that the debate now concluding has revealed that so far they have not succeeded, as far as I know, in convincing a single member other than those belonging to their own immediate group of the efficacy of the remedy which they propose for all Canada's economic ills. That being the case, I desire in all sincerity to offer to my hon. friends in the corner, the social credit group, what I believe to be a constructive suggestion. It is a suggestion based upon their own beliefs as to what the banking system of this country can do to remedy the economic conditions of which they complain.

The leader of the social credit group, when asked during his speech as to what he proposed to do, said that he would call in the chartered banks and give them orders to abolish poverty, and that, if they said they did not know how, he would supply them with experts. I am taking that as the text for the suggestion I am about to offer. My suggestion is that inasmuch as the social credit movement boasts considerable strength in one province of the dominion, and from that point of view at least, the provincial point of view, is a movement of major dimensions, those who believe that the banking system can be employed to put into effect the social credit theory and that the banking system has unlimited privileges such as have been outlined by my hon. friends, have within the four corners of the Canadian Bank Act the opportunity of their lives. All they have to do is, of themselves, to form one of these institutions

which we call a Canadian chartered bank. The procedure is all set out in the law. True, they will have to come to this parliament for a charter, and I shall tell them here and now that if the social crediters of Alberta comply with that statute, with which all other Canadian chartered banks have had to comply and with which they must comply to-day, I for one shall be pleased to do all I can to facilitate the passage through this house of a bill granting a charter to a social credit chartered bank. In that way my hon. friends would have, under their own control, all of the privileges, and it is my duty to point out also that they would have all the responsibilities of a Canadian chartered bank. If, therefore, they wish to operate through the medium of what has been described loosely as fountain pen money, and through all of the other privileges which it is alleged the chartered banks have, and if it is true, as the hon. member for Lethbridge has said, that one could call in the bankers and tell them to abolish poverty, then my hon. friends would be in a position to call in their own bank, controlled by themselves.

There is nothing in the world to prevent that. I am serious in making that suggestion. Seeing that my hon. friends in the corner have not succeeded in making converts in this house, is it well to adopt an attitude of disruption of the whole of the rest of Canada, which quite apparently does not desire to adopt the remedy proposed, and does not believe in it? Is it not better, within that area in which the belief in the doctrine is strongest, to create the piece of machinery which the parliament of Canada has provided may be created? Parliament has provided the means of creating that piece of machinery which my hon. friends say is the piece of machinery of which they require control in order to put their theories into effect. If they are right, think of the glory which will come. Think of the great advantage which will come to the people of Canada! If my hon. friends prove to be right in all that they advocate, and if it is possible to do through the medium of a chartered bank what they claim it is possible to do, they will reap great glory all down through history for having shown the way not only to the rest of Canada but, I venture to say, to the rest of the civilized world; that is, if what they claim can be accomplished by the application of their theories turns out in practice to be a fact.

I suggest that in all seriousness, and I shall do the best I can to facilitate the formation of such an institution, within the four corners of this Canadian bank act, giving to my hon. friends and those who believe with them the exact privileges—all of them—which any and all of the chartered banks now enjoy, and placing upon them also all of the responsibilities which chartered banks must carry. I suggest that in all seriousness—not lightly—and I believe it to be a constructive suggestion, involving the possibility of a large scale experiment in that part of Canada in which the social credit doctrines have the strongest degree of support, and the possibility of carrying out the experiment in a manner which will not be injurious to the rest of Canada.

Mr. LANDERYOU: Is the minister dealing with a provincial or federal matter? Does he suggest that we, as a group, should open a bank in Alberta?

Mr. DUNNING: I shall make it plainer.

Mr. LANDERYOU: Is it a provincial matter?

Mr. DUNNING: If my hon. friend will take his seat, I shall answer. Any group of citizens in Canada may come together for the purposes outlined in the bank act of Canada. I am suggesting to my hon. friends that they are a group of citizens in Canada; that those in Alberta who adhere to their theories are citizens of Canada, and that as citizens of Canada believing in the social credit doctrine they can see to it that only those who believe in that doctrine may have any control or say in the chartered bank they may form.

Mr. LANDERYOU: I do not yet grasp the minister's suggestion. Is it that the social credit members sitting in the house should open a bank in Alberta?

Mr. BENNETT: No, get a charter.

Mr. DUNNING: I do not think I need go farther into the matter.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, while hon. members to my left are considering the proposition placed before them by the Minister of Finance (Mr. Dunning) I should like to refer to one point made by the Minister of Finance and also by the Minister of National Revenue (Mr. Ilsley) which I think should not be permitted to pass without criticism. I speak respecting the establishment of an exchange fund, the purposes for which it was established, and the operation of the fund since the time it was established.

Chapter 60 of the acts of 1935 is an Act Respecting the Establishment of an Exchange

Fund. The preamble of the act states clearly the purpose of the enactment:

Whereas, in view of the uncertainties of the international situation as to currencies and foreign exchange values, it is desirable that a fund should be constituted which will be available as occasion may arise to aid in the control and protection of the external value of the Canadian monetary unit.

That is clearly the purpose of the whole act. Section 6 recites:

6. (1) For the purpose of endeavouring to control the external value of the Canadian monetary unit or of checking undue fluctuations in its exchange value the minister may directly or through such agencies as he may designate cause any balances in the special account to be invested in

(a) gold;

(b) foreign exchange as defined in section twenty-six, subsection two (b) of the Bank of Canada Act; and

(c) balances with any bank in London or New York designated by the Minister of Finance.

(2) Gold or other investments purchased under the provisions of the preceding subsection may be resold on instructions from the minister.

(3) This section shall not come into force until a date to be fixed by proclamation of the governor in council, published in the Canada Gazette.

Therefore the carrying into effect of the whole purpose of the act depends upon the bringing into force of section 6, by order in council published in the Canada Gazette. Both ministers admit that no such order in council has ever been passed or published.

Mr. DUNNING: Did I understand the hon. member to say that no portion of that act is in force?

Mr. CAHAN: I am simply saying that the carrying out of the purpose of the act depends upon the bringing of section 6 into force. I think there can be no doubt about it. If the minister wishes to discuss the question I am willing to discuss it here, or otherwise, as he may see fit. I had preferred to discuss it otherwise, but the hon. member's temper was so short when I spoke to him yesterday after the address of the Minister of National Revenue that I did not reply at once—

Mr. DUNNING: I am sorry if I conveyed that impression.

Mr. CAHAN: I did not reply at once, because I thought my own temper, following his, might carry me too far.

Mr. DUNNING: If I lost my temper I apologize to my hon. friend.

Mr. CAHAN: I am dealing with the purpose of the act and my statement is that the real purpose of the act can be carried into effect only by bringing section 6 into force by proclamation.

The first report of the Bank of Canada, after chapter 60 of the statutes of 1935 became effective, contains paragraphs pertinent to the issue under consideration. I quote:

The largest item on the asset side of our balance sheet is gold, valued at $180,509,342. When we commenced operations we acquired gold to the value of $106,584,355, of which $69,455,439 came from the dominion government and $37,128,916 from the chartered banks. Settlement for this gold was effected on the basis of the statutory value of $20.67 an ounce. Subsequently, the Exchange Fund Act—

That is the act to which I have referred and from which I have read one or two sections.

—required us to value the gold at the current market price. The resultant profit of about $73,500,000 did not accrue to the Bank of Canada. Section 30 of the Bank of Canada Act had provided that any profits on gold transferred to the bank would pertain to the dominion government,—

I shall not follow that any further. The report continues:

The balance of the profit, namely, $63,006,382, was credited to the exchange fund of the dominion government, and future profits or losses on gold held by us will be credited or debited to that account.

Mr. DUNNING: That is the law.

Mr. CAHAN: The special account was established with the Bank of Canada and a credit of $63,006,382 was created in the Bank of Canada prior to December 31, 1935. The Exchange Fund Act came into force on July 5, 1935, and the report I have been reading from is the first annual report of the Bank of Canada, and the first report published after the coming into force of the act.

My first comment is this. That sum of $63,006,382 was credited by the bank in special account to the exchange fund of the Dominion of Canada. It is to be remarked that no such credit appears in any return of the Bank of Canada that has been published from year to year.

Mr. DUNNING: Of course not.

Mr. CAHAN: The minister says, "of course not," but if money is placed to the credit of a fund in an account with a bank it immediately becomes a liability of the bank. The obvious alternative is that instead of the bank crediting this $63,006,382 to a particular fund for the benefit or in the right of the Dominion of Canada, it must be assumed that not appearing in the accounts, the Bank of Canada acts as a depositary or trust com-

pany for the purpose of carrying that fund and operating it in accordance with the express provisions of the law. I repeat that the fund does not appear as a liability of the Bank of Canada in any return published so far.

Mr. BENNETT: Or as a deposit.

Mr. CAHAN: Therefore, it is not an ordinary deposit in the bank. Secondly, I want to point out that the full purpose and intent of the act, as recited in the preamble, can only be carried into effect when section 6 and its various subsections have been given the force and effect of law by proclamation and publication in the Canada Gazette. That has not been done. Section 7 reads:

> The minister may from time to time cause any portion of the balances in the special account to be employed by the Bank of Canada in the purchase of securities of or guaranteed by the Dominion of Canada.

That is the only power.

Mr. DUNNING: Read on.

Mr. CAHAN: I shall read it all:

> In the exercise of the powers conferred by this section the minister is authorized to make such arrangements as in his opinion will conduce to the immediate availability of the funds employed as aforesaid. The proceeds of all sales of investments made under the authority of this act,—

That is the first part of section 7 provides the types of securities.

> —and all earnings and interest accruing thereon, shall be paid into the special account and shall be available for the purposes of the account.

That is for the purpose which I have mentioned already. The purpose of this act is the establishment of an exchange fund which will be "available as occasion may arise to aid in the control and protection of the external value of the Canadian monetary unit." I admit that a fund having been created in the manner provided for by this statute and there being a profit available of $63,006,382 in a special account with the Bank of Canada, that fund may be invested in the securities mentioned, from time to time, as the minister may authorize. I wish to add to that that in respect of section 7 the minister does not act in his own personal capacity, but as the Minister of Finance of Canada. His dealings under the authority of that section are dealings for which he is responsible, beyond doubt, to the parliament of Canada.

Both the Minister of Finance and the Minister of National Revenue proceeded to assert that no disclosure should be made, with regard to that fund, to parliament or to the public. In support of that extraordinary contention, if I remember correctly, the Minister of National Revenue read section 10, which reads as follows:

> (1) No person employed in the service of His Majesty or of the Bank of Canada shall communicate or allow to be communicated to any person not legally entitled thereto under the provisions of this act or by direction of the minister, any information with respect to the operation of the said special account, or allow any such person to inspect or have access to any written statement with respect to the said account.

Then there is a penalty provided for the violation of that provision. I submit with confidence that that provision with regard to those employed in the service of His Majesty or of the Bank of Canada does not include the minister who has authority, who has to deal with that fund and who is responsible to the parliament of Canada. That is just the ordinary and proper provision that no official or employee of the bank shall disclose information to the public with regard to the bank's transactions. But section 8 provides also that the minister may at any time he thinks it expedient to do so cause the said special account to be wound up forthwith. And then there is this provision:

> And the said account shall in any event be wound up not later than six months after the date on which parliament resolves that the account is no longer required for the purpose for which it was established.

Therefore parliament is entitled to certain information in order that it may determine in its wisdom whether that special account is required for the purposes for which it is established. It was such information to which I referred, not dealing with the items of particular transactions in respect to the account, but general information with regard to the account, how it had been employed—dealing generally—the investments made out of the account—dealing generally—so that parliament might be informed as to the general nature of the operations carried on.

Furthermore, I stated to the minister personally, and I will state it here to this house, that from the partial accounts which have been published there is a general belief in commercial and banking circles in this country that that $63,000,000 has been at least partly employed for other purposes than those mentioned in section 7 of the act.

Mr. DUNNING: I can give an absolute and unqualified denial to that, now, beyond the shadow of a doubt.

Mr. CAHAN: That is, that the $63,000,000 has not entered into any purchase of gold, any purchase of foreign exchange as defined

in section 6, subsection 1 of the Exchange Fund Act, and has not been invested in any balances with any bank in London or New York designated by the Minister of Finance? Does the emphatic reply cover all those items?

Mr. DUNNING: I hesitate to get into a legal cross-examination. Subject to my hon. friend—

Mr. CAHAN: We are not dealing with legalities or legal cross-examination.

Mr. DUNNING: I can say that section 7 specifically sets out how that fund may be invested.

Mr. ILSLEY: Section 6.

Mr. DUNNING: Section 6 is not in force. It is section 7. I can say positively it has been invested in absolute accordance with section 7.

Mr. CAHAN: And not otherwise?

Mr. DUNNING: And not otherwise.

Mr. CAHAN: Well, there is some relief in having—

Mr. DUNNING: Oh, Mr. Speaker, I am merely answering rumours which come from banks which are evidently critical, for some unknown reason, of the central bank.

Mr. CAHAN: They have a perfect right to—

Mr. DUNNING: —start rumours?

Mr. CAHAN: No, not start rumours, but they have a perfect right to examine the accounts of the central bank, as every member of this parliament and every individual citizen throughout the country has the right to examine those accounts,—

Mr. DUNNING: Surely.

Mr. CAHAN: —to see what information is given. I thank the hon. gentleman for that plain statement. Now, if the fund called the central exchange fund was established by the statute of July 5, 1935, for the purpose of aiding in the control and protection of the external value of the Canadian monetary unit, and if during over two years and a half the fund has not been used for that purpose, the main object of the act has been thwarted, because the government have not brought section 6 into force.

Mr. DUNNING: Is "thwarted" a good word?

Mr. CAHAN: It is thwarted, because the intention of parliament has not been carried into effect. The incidental uses for certain other purposes were not the main object—in fact, so far as stated in the act, the principal object for which the act was enacted has not been effected. I say, if that has continued during two years and a half, it is a perfectly proper consideration for parliament as to whether the said account, which has not been employed for the purpose designated by the act, and for which purpose apparently there is no present intention of employing it, should now be wound up.

Mr. DUNNING: It is. Of course it is a proper subject for consideration.

Mr. CAHAN: Therefore the provisons of the act and the manner in which these provisions have been carried out are proper subjects for discussion in this parliament, and therefore the main object, as to the employment of the sixty-three odd million dollars, is a proper subject of inquiry in this parliament, and this parliament has the right to such general information as is necessary for parliament and its members to form a definite opinion with regard to the winding up of that fund. That is what I have to say. Therefore section 10 which was quoted by the Minister of National Revenue has no application to the request that such general information should be furnished parliament. Furthermore, I think the minister will have to assent that, where he is given the direction and control of any fund which is the property of the government of Canada, parliament has a perfect right to such general information.

Mr. DUNNING: What is "general information"?

Mr. CAHAN: First, we have a right to know the profits of that fund from year to year.

Mr. DUNNING: I think so, yes.

Mr. CAHAN: Since 1935.

Mr. DUNNING: Yes.

Mr. CAHAN: Secondly, we have the right to know whether the investments of that fund have been restricted absolutely, as the minister now says, to "the purchase of securities of or guaranteed by the Dominion of Canada."

Mr. DUNNING: Read on.

Mr. CAHAN: Well, that is all that is said.

Mr. DUNNING: Read the whole of section 7. It is not my language. That is the language I found there.

Mr. CAHAN: Well, I will read it. It is perfectly clear, I think, to one who understands English, and I have some idea that I can understand English.

Mr. DUNNING: My hon. friend will forgive me, but it is incomplete unless the whole is read.

Mr. CAHAN: Well, I read it before:

The minister may from time to time cause any portion of the balances in the special account to be employed by the Bank of Canada in the purchase of securities of or guaranteed by the Dominion of Canada.

I repeat that.

In the exercise of the powers conferred by this section the minister is authorized to make such arrangements as in his opinion will conduce to the immediate availability of the funds employed as aforesaid.

Mr. DUNNING: Now, my hon. friend wants to help me. What did the government of the day mean by those words?

Mr. BENNETT: That section 6 should be in force.

Mr. CAHAN: It means this, undoubtedly, that the fund, which had been wholly or in part invested in securities of or guaranteed by the Dominion of Canada, might be employed under the provision of section 6 as well, when section 6 was brought into force. But, section 6 not having been brought into force, there is no other application of these funds that could legally or properly be made, in my opinion, by the Minister of Finance.

Mr. DUNNING: Other than under section 7.

Mr. CAHAN: Other than under section 7; and under section 7 there were only two alternatives—between the purchase of securities of or guaranteed by the Dominion of Canada or the sale of those, and placing the proceeds again in the bank to be used for the purposes of an exchange fund, which, when section 6 was brought into force, would enable the minister to authorize the purchase of gold or foreign exchange or balances in any bank in London or New York designated by the minister. If there is any misunderstanding by the general public as to the purpose for which this fund has been applied, and the minister now seems to suggest that he has applied it for other purposes than investment in securities or—

Mr. DUNNING: No, positively not.

Mr. BENNETT: The governor says otherwise.

[Mr. Dunning.]

Mr. DUNNING: Read what the governor says.

Mr. CAHAN: Well, there is one passage which, in view of the emphatic statement of the Minister of Finance, that I am bound to accept, may possibly be interpreted otherwise than it is being interpreted. In the return of February 25, 1936, after stating that the profits realized were $63,006,382, the report proceeds:

The balance of the profit, namely, $63,006,382 was credited to the exchange fund of the dominion government, and future profits or losses on gold held by us will be credited or debited to that account.

Mr. DUNNING: That is a different thing entirely; that is in accordance with the previous section of the act.

Mr. CAHAN: I understand the minister to say now that the question of future profits or losses on gold is to be determined not on any future purchases of gold but by the statutory value of $20.67 an ounce and the revalution of $35 an ounce or any range between the two values of gold at any particular date. The object of this act was to purchase gold and foreign exchange and balances in banks in London or New York.

Mr. DUNNING: The reference to gold made there applies to section 5 of the act. Let the hon. gentleman read section 5 and connect it with what the governor says and he will find it perfectly clear. The amount of any increase or any decrease—

Mr. CAHAN: I said that I understood, from the minister's emphatic denial that the fund had been used for any purchases of gold, that the statement which I read from the governor's report must apply to fluctuations as between $20.67 and $35.

Mr. DUNNING: There has been just the one movement.

Mr. CAHAN: Well, that is what I stated, quite clearly, I thought. I repudiate the suggestion that parliament is not entitled to information from time to time from the minister with regard to the directions he has given. I can well understand that an ordinary bank in making a proper report to its stockholders is not bound to enter into particular transactions with its clientele; that is obvious. Therefore, as regards any information which the bank withholds so as not to disclose operations which, if publicly known, would be prejudicial to the bank's interests, I can understand limitations being placed upon the dissemination of such information. But I think that parliament has a right to know

what profits are made from year to year on the $63,000,000 of government funds, and what is the amount to the credit of the special exchange fund at the present time—

Mr. BENNETT: As a liability of the bank.

Mr. CAHAN: I think it is a liability of the central bank, because the bank is a bank; it is not a mere depositary.

Mr. DUNNING: It is placed in a special trustee relationship to this account by this statute.

Mr. CAHAN: The minister is suggesting that it is like going to a trust company and engaging part of its vaults for the keeping of one's securities, and that that sort of deposit is the deposit made in this case. If it is a special account in the bank—and the act says that it shall be a special account—a special account in a bank implies a liability of the bank to the amount to the credit of that account, which should be shown in the annual statement of the bank. However, I do not wish to labour that further.

Mr. ILSLEY: Does not the hon. gentleman think that the other two provisions, one subsection and one section other than section 10, make it clear that particulars of investment are not to be divulged even to parliament?

Mr. CAHAN: There is nothing about divulging to parliament.

Mr. ILSLEY: I never said there was, but the spirit and purpose of the act are clearly evidenced by one subsection and one section which take it out of the audit and revenue act, stating that the auditor general is not to say what he says about other accounts which he audits but is to give a general statement to the effect that the account is administered in accordance with the law. Why were those sections put there?

Mr. BENNETT: Because it was assumed that section 6 would be proclaimed; that is the reason. Surely the minister sees that. That is the whole story; it is the answer to the minister. Section 6 was to be proclaimed.

Mr. CAHAN: The very terms of section 8 imply that that account is to be wound up when parliament decides that it has served the purposes for which it was created.

Mr. ILSLEY: What about section 9?

Mr. CAHAN: I am dealing with that—

Mr. ILSLEY: The hon. gentleman never read it.

Mr. CAHAN: —and that implies that parliament is entitled to general information with regard to the account. It is entitled to know what the profits and losses are; it is entitled to know generally as to the amount of dominion securities or securities guaranteed by Canada that are held in that account; and section 9 provides that there shall be an annual audit by the auditor general, and he is to find merely that in his opinion the transactions in connection with the account have or have not been in accordance with the provisions of the act.

Mr. DUNNING: And he has done so.

Mr. CAHAN: I dare say he has.

Mr. DUNNING: It has been tabled in the house.

Mr. CAHAN: In these terms, I suppose? I have not seen it; it was not published separately. Then will the hon. gentleman tell me, has the auditor general seen the written directions given by the minister with regard to the investment of that fund? Has he compared those written directions given by the minister with the transactions made for the fund—

Mr. DUNNING: That is mean.

Mr. CAHAN: It is not mean. If the hon. member is to sit as Minister of Finance and is to have the direction of investments—and no investments can be made except at his express designation—then it is perfectly proper to suggest that the auditor general must take those written directions into account, if he is to make a faithful return in accordance with the express terms of the act.

Mr. DUNNING: I said it was mean because I considered it constituted a reflection on the auditor general, whose duty under section 9 clearly is to do all the things my hon. friend asks whether he did. Section 9 says:

> An annual audit of the special account shall be made by the auditor general in such manner as he thinks proper, with a view to ascertaining whether the transactions in connection with the account have been in accordance with the provisions of this act, and he shall certify to the House of Commons that in his opinion, having regard to the examination, the transactions in connection with the account have or have not been in accordance with the provisions of this act, and that the records of the said account do or not show truly and clearly the state of the said account.

I submit that, the auditor general having certified that, it is a reflection upon him for my hon. friend to say: did he examine these things?

Mr. CAHAN: I am not giving the floor to the minister. My forty minutes is not up.

He has spoken before. I was making no reflection on the auditor general. I was seeking to ascertain from the minister, and I ask him now: In respect to every investment of that fund or every reinvestment, has he given directions in writing to the bank, which directions are there as a part of the records of the bank?

Mr. DUNNING: The bank has adequate directions in accordance with section 7, and the auditor general has certified that the account has been handled in accordance—

Mr. CAHAN: I know that, but I know as well that the Minister of Finance is evading a direct answer to my question.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

Mr. BENNETT: One may say that an hon. member evades answering a question.

Mr. DUNNING: I am not evading anything. In cross-examination—which I should not permit across the house at this stage—by one of the leading lawyers of this country, he asks me trap questions. I have signed many thousands of documents in connection with the public office I hold; I have to sign them every day, and I would not state positively anywhere that I had signed every document in connection with every transaction. I cannot so state. But I can state that the auditor general, whose duty it is to examine these transactions and to see whether the law has been complied with, certifies that it has been. If in the opinion of the auditor general proper direction had not been given by the minister, my hon. friend knows what would have happened; the auditor general would have called the minister's attention to the fact that this and that had been done without certification by the minister. I have had no such communication from the auditor general, therefore I think I am correct in saying—if this answer will satisfy my hon. friend—that I must have done everything which the law required that I should do. More I cannot say.

Mr. CAHAN: That is a perfectly proper and frank answer and must be accepted not only by me but by parliament. But this is the point I have in mind; we have had a great deal of argument lately on the part of the government that this bank is under political control, that is under the direction and control of the government or nominees of the government, but this particular item is under the direction and control of the minister.

[Mr Cahan.]

Mr. DUNNING: I did not put it there; my hon. friends did.

Mr. MACKENZIE (Vancouver): That was always so under the old act.

Mr. CAHAN: I am dealing with this act. There was no old act dealing with a fund such as this; this is a new creation.

Mr. MACKENZIE (Vancouver): But this act was in force before the former private bank was changed to a public bank in 1936, and the provisions of this act stand as they were.

Mr. BENNETT: No one suggested otherwise.

Mr. CAHAN: Certainly, no one suggested otherwise. Therefore I wished to ascertain, and ascertain directly, as I have done, that with regard to the investments of this fund it is the minister who is acting and who has given the directions; that they are not the directions of the Bank of Canada, that is, of the directors or officers of that bank. That being so, I am satisfied, and I think the frank statement of the minister will clear up a great many misapprehensions with regard to this fund. But I do contend that the fund created has not been devoted to the purposes for which the act was passed.

Mr. DUNNING: Not yet.

Mr. CAHAN: After two and a half years. But it has been diverted under a subsidiary clause relating to any balances that might be available after operations have been conducted under section 6, if so conducted. Therefore I think that the minister on some early occasion should tell us of the present condition of the fund, as to what profits have gone to the fund, the amount of the fund as it stands at present—for that is a matter of great interest to parliament—

Mr. BENNETT: And if any gold losses have been charged against it.

Mr. GORDON B. ISNOR (Halifax): In view of the observation of the Minister of Finance that it is desirable, if at all possible, that a vote should be taken on this resolution before the house rises this afternoon, I shall make my remarks as brief as possible. I trust hon. members who have taken part in the debate this afternoon will therefore excuse me if I do not make any reference to the various points raised by them. And I would not dare to engage in discussion of the question with which the Minister of Finance (Mr. Dunning) and the hon. member for St. Lawrence-St. George (Mr. Cahan) have just

dealt, nor would I endeavour to follow the remarks of the hon. member for Broadview (Mr. Church) as he travelled so rapidly from the Atlantic to the Pacific. Those who sit in this house realize his ability to cover much territory in a very short time. Even in these days of rapid transit it is almost impossible to follow the hon. member for Broadview. But I should like to express to him my appreciation of his interest in the maritimes, particularly in his reference to his action of some years ago regarding subventions on coal. If there is any credit coming to the hon. member in that connection I certainly want to give him that credit.

My object in rising at this time is to say a very few words in order that the Minister of Fisheries (Mr. Michaud) may understand that there are two sides to the question of steam trawlers as raised by the hon. member for Queens-Lunenburg (Mr. Kinley). I quite appreciate the hon. member raising that question; it is one on which he is as well qualified as any hon. member of this house to speak—the fishing industry as it affects his own constituency. I appreciate the years of service my hon. friend has given to his community, and I fully realize that he is vitally interested in the fishing industry in his own constituency. No doubt he is interested to a very large extent as well. Certainly I would not want to harm him financially or otherwise, but we must deal with this matter in a broad sense; not as it affects one particular constituency, important though that may be. I believe we should look at it from the standpoint of the benefit of the fishing industry to Canada as a whole, and it is with this point in mind that I approach the question.

If I followed the hon. member for Queens-Lunenburg correctly, he would completely eliminate the steam trawler. The hon. gentleman put the matter definitely before the Minister of Fisheries and more or less put the onus in this matter on the minister. I do not think that is an altogether fair approach. It is definitely laid down in the act that there are certain requirements which must be met. One is that a licence shall be issued if certain conditions exist. The order in council states:

> The applicant for such licence shall furnish the Minister of Fisheries with evidence that will satisfy the said minister that he cannot obtain an adequate supply of suitable fish to enable him properly to conduct and develop his business from the hook and line fishermen, and that if such a licence is granted, the extent of his purchase of fresh fish from the said fishermen will not be adversely affected.

Mr. BENNETT: In other words there should be no steam trawlers licensed unless the fishermen could not supply the necessary fish.

Mr. ISNOR: Perhaps that is as simply as it could be put. That is where my hon. friend from Queens-Lunenburg and myself differ. At the moment I may seem to be approaching this question from a somewhat narrow point of view, but at present in Halifax we have two large fish operators. It means a million and a quarter dollars a year to our immediate vicinity to have these trawlers operating, and for that reason I place before the Minister of Fisheries certain reasons why I believe he should issue or renew these licences.

One would almost believe, from the remarks of the hon. member for Queens-Lunenburg, that there were hundreds of licences being issued. I wonder if hon. members realize exactly how many licences have been issued. There are three, and as I understand it only two of those have been taken out, both by this large company which employs hundreds of men on our waterfront, in addition to taking supplies of fish from fishermen all along the shore. They are prepared to enter into an agreement to take such fish; they made the statement that they would take all the fish available between Halifax and Canso.

Mr. CAHAN: How many American trawlers are operating in the same vicinity?

Mr. ISNOR: The Minister of Fisheries says two hundred odd.

Mr. KINLEY: They cannot land their fish in Canada.

Mr. ISNOR: That is true; but, sir, we are after a world market. We are not simply selling to Canada, and for that reason I believe it is absolutely necessary that we should adopt up-to-date methods. As I have said, I am in sympathy with the desire to protect our inshore fishermen, but this was never intended to injure them, and I do not believe it will have that result. Rather I think it will result in increased sales of fish by the maritime provinces, which will be a direct benefit to the inshore fishermen and for that reason, not because I want to injure these fishermen, I am supporting it. If I thought it would injure them I would not be making these remarks to-day. I am just as sympathetically inclined towards our inshore fishermen as is the hon. member for Queens-Lunenburg or any other member from Nova Scotia but, sir, those in Queens-Lunenburg, including my

hon. friend, have not kept pace with the times. Modern marketing to-day requires modern methods of handling fish.

Mr. KINLEY: Is my hon. friend an expert in that?

Mr. ISNOR: I have made it very clear to my hon. friend from Queens-Lunenburg that I take off my hat to him. Certainly he has had much more experience in the handling of fish than I have had, but on the other hand I endeavour to keep abreast of the times by reading and studying methods of marketing which will bring the best results to our province.

That, Mr. Speaker, is the all-important thing; whether the old-fashioned way will bring a greater financial return to the maritime provinces or whether it is better to follow this modern, up-to-date method. I think anyone who studied the question, even without having had years of experience in the fishing industry, dealing with it in an unbiased manner and not from a narrow, selfish point of view, would immediately say: "Yes, if we are going to bring added revenues to our country we must keep up to date." Certainly we have made a real bid for increased markets, so why not adopt up to date methods in supplying these markets, as we have in connection with apples and other products of the maritimes?

The hon. member stated that we did not need these fish, that the market was not there for them. In reply may I say that a very short time ago, when the question arose as to whether an application should be made for an additional trawler, one company—and it is not the company that holds the licence at present—made the definite statement that it could not get sufficient supplies of fish from the regular sources, the schooners, to give more than three days employment for the men working in the factory; but that the use of one additional trawler would keep the plant working six days a week. I say that is a very important factor in our industrial life.

Mr. KINLEY: Would the hon. member permit a question? I understood him to say another company wanted a trawler. Was that the American company?

Mr. ISNOR: I hold no brief for American companies. I am particularly anxious to support the company that is engaged in the business at the present time, and I understand that a very large percentage of the stock is held by business men in the maritime provinces. If the hon. member for Queens-Lunenburg wishes the name of the company I may tell him that I am interested in the Maritime National Fish Company Limited, and I do not think he will deny that this company is almost entirely owned by people residing in the maritimes.

Mr. KINLEY: I thought the hon. gentleman was referring to another company.

Mr. ISNOR: My reference to another company might have been to a subsidiary of an American company which is operating in the city of Halifax; but, as I stated, I hold no brief for that company nor am I particularly interested in it.

The hon. member stated he had received a telegram from one company, and on that argument he based his statement that the Minister of Fisheries should not be obliged to renew the licences.

Mr. KINLEY: I did not say "one" telegram.

Mr. ISNOR: Not five or ten, but between fifty and sixty have been received by me since last Friday, and every one, without exception, supports the renewal of trawler licences.

Mr. KINLEY: Merchants controlled by a monopoly.

Mr. ISNOR: I do not know whether or not they are controlled by a monopoly, but I do know, and I will say to the hon. member who has just interrupted me that I have made a careful check—the hon. member has had a chance to look them over—and they would almost convince me that he is on the wrong track. These are very representative and outstanding citizens. These men represent prominent business firms, hotels, and shipping concerns which handle fish in and out of Halifax. The telegrams come from supply houses, wholesale firms and retail fish stores, almost without exception. I have checked with the list of fish dealers in the Halifax telephone directory to find out the ones who did not send their names, and I learn, after my search, that practically every fish dealer in Halifax has either signed his name to a letter, or his name appears on a wire which has been forwarded.

I was surprised in connection with one group of telegrams, because they covered practically all of what we would describe as the expert fishing men in Halifax. These men have had experience as long as if not longer than that of the hon. member for Queens-Lunenburg. I refer to such men as Mr. A. H. Whitman, and O. F. MacKenzie, the latter having sufficient knowledge to be chosen as one to be sent to South American ports to investigate possibilities of added markets. Telegrams received from such men, bearing the high reputations that they do in Halifax and throughout the

maritimes, are worthy of consideration. I would read some of them, but I am trying to make my observations as brief as possible.

The hon. member for Queens-Lunenburg did not dwell at length on the value of the industry to Nova Scotia and to Canada. In 1933 production was valued at $27,496,946, and Nova Scotia's share was $6,010,001. In 1935 there was an increase in the whole of Canada, from the figure I have given, to $34,427,854, and Nova Scotia's share increased to $7,852,899. In 1936, the last figures available, the production in Canada had increased to a value of $39,165,055, of which Nova Scotia's share—and it is in this part I am interested—had risen to a value of $8,905,268.

Hon. members will appreciate why I am interested in trying to protect this very necessary revenue in our province. If I wished to take up the time I could refer to a statement made by the hon. member in reference to the report of the provincial economic inquiry in Nova Scotia. Possibly he did not study the report as carefully as he should have, because in the report, signed by the three commissioners, I find the following:

> We were impressed by the need for more rapid and more frequent transportation and we recommend that every possible means should be employed to secure that end.

Rapid transit is one of the very necessary things in connection with the shipment and processing of fish.

Mr. KINLEY: We have the most rapid transport.

Mr. ISNOR: The twenty-one schooners in which the hon. member is interested go to the banks and return in a certain period of time—possibly a week, and perhaps longer than that.

Mr. KINLEY: Every day, if you want them.

Mr. ISNOR: That has not been possible up to the present time. The trawler, in turn, goes to the banks and brings in a steady supply, particularly in the summer. This is absolutely necessary if the operators are to receive a steady supply of fish, so that they may process sufficiently large quantities and be in a position to keep the market they have gained through strenuous effort and extensive advertising.

I was asked to make my remarks as brief as possible, and I shall endeavour to do so, because I do not wish unnecessarily to take up the time of the house. I am sticking as closely as possible to my subject, and have been content to answer one or two of the observations of the hon. member for Queens-Lunenburg. May I point out to him, sir, that about forty per cent of the fish produced is resold in the maritimes and the rest of Canada. Sixty per cent is processed. Two-thirds of that quantity is exported, and one-third is sent to the markets in central Canada. It is the sixty per cent in which the two firms in Halifax are interested. For a long time we have been trying to bring outside money into our little province down by the Atlantic. If that is not good, sound business, then I am off on the wrong foot.

May I give three definite reasons why the trawler is necessary. First, it alone can land good fish in economic quantities all the year round. True, there are certain seasons of the year when the fishing fleet from Lunenburg and elsewhere might be able to give a supply, but I am saying that for the year round it is necessary to have the steam trawler. In the second place, as I have stated before, it is necessary that the supply be regular. The regularity of supply ensures more nearly continuous labour ashore, and the ability to reship in processed form. That brings me to one telegram which I almost forgot, namely from the labour union known as the Mutual Employees Association. This organization is represented by hundreds of men who state that if the trawler licences were not renewed such refusal would seriously interfere with their employment. And so, from the various angles—modern methods of marketing, the additional business coming to the maritimes, and the employment of labour—I believe the Minister of Fisheries would be justified in again renewing the trawler licences.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, the rules of our house did not contemplate the existence of three or four distinct groups. Hence it is very difficult in a matter of this kind to make one's position absolutely clear. If this matter comes to a vote, I shall support the subamendment. That means that I shall vote with the Conservative party. If standing order 49 did not preclude an amendment to the subamendment, I should like to have moved as follows:

> That the adoption of the policies of the Conservative party as enunciated by its supporters in this house would afford no adequate remedy for such neglect.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, there has been one unexpected event after another this afternoon, and it would now look to be impossible to finish this debate to-day. On the understanding

that there is to be a motion that the rules shall be suspended so that we may finish this debate to-morrow, I would move the adjournment of the debate at this time. I beg to assure you that at that time I shall endeavour to deal with the various matters that have to be considered in as short a time as possible.

Motion agreed to and debate adjourned.

SUSPENSION OF STANDING ORDER 28 WITH RESPECT TO SITTING OF THURSDAY, MARCH 31

Right Hon. W. L. MACKENZIE KING (Prime Minister): As the hon. member for Lethbridge (Mr. Blackmore) has just indicated, the government feel it would be advisable to have this debate concluded to-morrow if possible. However, to conclude it we would have to suspend standing order 28. If the house will give its unanimous consent, I would move:

That standing order 28 be suspended with respect to the sitting of this house on Thursday, the 31st of March, 1938.

If this motion is carried we shall continue with this debate as the first order to-morrow.

Motion agreed to.

On motion of Mr. Mackenzie King the house adjourned at 5.55 p.m.

Thursday, March 31, 1938

The house met at three o'clock.

PRIVATE BILLS COMMITTEE

First report of the standing committee on miscellaneous private bills.—Mr. McPhee.

CIVIL SERVICE

SPECIAL COMMITTEE TO INQUIRE INTO TERMS AND OPERATION OF SUPERANNUATION ACT—FIRST REPORT CONCURRED IN

Mr. MALCOLM McLEAN (Melfort) presented the first report of the special committee appointed to inquire into terms and operation of the Civil Service Superannuation Act, and moved that the report be concurred in.

Motion agreed to.

NAVAL SERVICE ACT

SANCTION BY PARLIAMENT OF ACTION BY NAVAL FORCES OTHER THAN FOR DEFENCE

Mr. C. G. MacNEIL (Vancouver North) moved for leave to introduce Bill No. 83, to amend the Naval Service Act.

[Mr. Blackmore.]

Some hon. MEMBERS: Explain.

Mr. MacNEIL: The purpose of this bill is to amend the Naval Service Act so as to make it conform with the self-governing status of Canada as now recognized, and to provide that parliament shall sanction any action by our naval forces other than that required for the direct defence of Canada.

Motion agreed to and bill read the first time.

MILITIA ACT AMENDMENT

SANCTION BY PARLIAMENT OF PLACING OF MILITIA ON ACTIVE SERVICE BEYOND CANADA

Mr. C. G. MacNEIL (Vancouver North) moved for leave to introduce Bill No. 84, to amend the Militia Act.

Some hon. MEMBERS: Explain.

Mr. MacNEIL: The purpose of this bill is to amend the Militia Act so as to make it conform with the self-governing status of Canada as now recognized, and further to provide that Canada shall not become involved in any war outside of Canada without the consent of parliament.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

FARM PLACEMENT SCHEME—SASKATCHEWAN

Mr. FLEMING:

1. How many persons were placed in the province of Saskatchewan under the farm placement scheme during the years 1936-37 and 1937-38?

2. How much money was paid under this arrangement to the farm workers and to the farmers of Saskatchewan during the years named?

3. How many applications were received, and how many rejected under this plan in Saskatchewan during the said years?

Mr. ROGERS:

1. During the fiscal year 1936-37 there were 27,898 persons placed.

During the fiscal year 1937-38 there were 29,379 persons placed.

2. The dominion's contributions with respect to payments made by the province to farm workers and farmers under the plan during the fiscal year 1936-37 totalled $454,868.63 and $310,905.90 respectively.

The dominion's contributions with respect to payments made by the province to farm workers and farmers under the plan during the fiscal year 1937-38 totalled $195,496.36 and $139,780.77 respectively.

These payments are a contribution of 50 per cent of the total expenditure incurred by the province and represent accounts received from the province and paid as of March 28, 1938, but do not include any payments which may have been made by the province during the years in question for which accounts have not as yet been received by the dominion.

3. During the fiscal year 1936-37 there were 31,081 applications received and 3,183 applications rejected.

During the fiscal year 1937-38 there were 41,541 applications received and 12,162 applications rejected.

PURCHASE OF DREDGES

Mr. PELLETIER:

1. When were each of the following dredges acquired by the government, and at what cost: Dredges numbers 4, 5, 8, 12, 13, 14, 15, 16, 17, and Churchill No. 1?

2. Have they been sold?

Mr. HOWE:

1.	Acquired by government	Cost
Dredge No. 4	1900	$ 94,564
" " 5	1927	388,952
" " 8	1907	450,435
" " 12	1912	285,963
" " 13	1912	267,832
" " 14	1914	287,500
" " 15	1914	287,500
" " 16	1923	837,200
" " 17	1931	444,535
" Churchill No. 1	1928	363,245

2. Yes.

TERRITORIAL AREA OF PROVINCES AND YUKON

Mr. MALLETTE:

1. What is the territorial area of each of the nine provinces and the Yukon Territory?

2. What is the total area of the Dominion of Canada?

Mr. CRERAR:

1 and 2. The areas in square miles are approximate, and do not include bodies of salt water.

Province or territory	Total (Sq. miles)
Prince Edward Island	2,184
Nova Scotia	21,068
New Brunswick	27,985
Quebec	594,534
Ontario	412,582
Manitoba	246,512
Saskatchewan	251,700
Alberta	255,285
British Columbia	366,255
Yukon	207,076
Northwest Territories—	
Franklin	554,032
Keewatin	228,160
Mackenzie	527,490
Canada	3,694,863

CREDIT RIVER, ONT., LIGHTHOUSE

Mr. GRAYDON:

1. Has the demolished lighthouse at the mouth of the Credit river been replaced?

2. What provision was made during the year 1937 to mark the channel for fishermen and others using the harbour at Port Credit?

3. What steps, if any, are being taken to properly mark the channel this spring?

Mr. HOWE:

1. No.

2. A spar buoy was placed at the entrance to the channel leading to Port Credit.

3. It is proposed to place a conical buoy to mark the channel near the old lighthouse.

CANE SUGAR IMPORTS

Mr. LENNARD:

1. What was the value of the cane sugar imported into Canada during the year 1937?

2. What proportion of this came from British possessions?

Mr. EULER:

1. $17,610,125.

2. Ninety-six per cent.

BANANA IMPORTS

Mr. LENNARD:

1. What was the value of the bananas imported into Canada during the year 1937?

2. What proportion of these came from the British West Indies?

Mr. EULER:

1. $2,231,119.

2. 66·5 per cent.

ALAMEDA, SASK., EXPERIMENTAL FARM

Mr. DOUGLAS (Weyburn):

1. By whom is the demonstration farm under the federal Department of Agriculture at Alameda, Saskatchewan, operated?

2. What remuneration is received for the services so rendered, and to what individuals is it paid?

Mr. GARDINER:

1. Young Bros. (Gordon F. & Stanley W.)

2. 640 acres experimental studies in strip farming and other cultural methods at $1 per acre.

Gordon F. & Stanley W. Young.

*JOINT COMMITTEE TO INVESTIGATE RAILWAY SITUATION

Mr. CHURCH:

Will the government give consideration to the appointment of a joint committee of both houses of parliament to consider, investigate and report to parliament on the whole railway situation in Canada and on its proper solution as an urgent economic national necessity?

Mr. MACKENZIE KING: No.

MONTREAL POST OFFICE—ACCIDENTS TO AUTOMOBILE

Mr. DESLAURIERS:

1. Have any accidents occurred to the government automobile used by the Montreal post office?

2. If so, at what place and at what hour of the day?

3. Was it then engaged in post office work?

4. What is the cost to the government arising from accidents during the period from 1933 to 1937, both inclusive?

Mr. EULER:

1. Yes—6 accidents.

2. (1) Place—St. James st., Montreal
Hour—No record.
(2) Place—Sherbrooke st., west, Montreal
Hour—No record.
(3) St. Hubert and Bienville, Montreal
Hour—No record.
(4) Place—St. Hubert st., Montreal
Hour—9 a.m.
(5) Place—Plessis st., Montreal
Hour—3 p.m.
(6) Place—Craig st., E., Montreal
Hour—5.15 p.m.

3. Yes.

4. $64.75, Montreal.

[Mr. Euler.]

DEPARTMENT OF AGRICULTURE—EMPLOYMENT OF DOCTOR DUNBAR

Mr. McGREGOR:

1. Is Dr. Dunbar of Melfort, Saskatchewan, employed by the dominion Department of Agriculture?

2. If so, in what capacity?

3. Is he employed full or part time?

4. What civil service examinations, if any, has he written?

5. What marks did he obtain in each examination?

6. What marks were required to pass each examination?

Mr. GARDINER:

1. Yes.

2. Veterinary inspector part-time, temporary.

3. Part-time.

4. Examinations for veterinary inspector April 24, 1928, and veterinary inspector part-time August 2, 1933, and March 20, 1937.

5. April 24, 1928—28·2 per cent
August 2, 1933—46 per cent
March 20, 1937—72 per cent

6. 70 per cent.

A. S. AGNEW

Mr. PERLEY:

1. Was A. S. Agnew of Broadview, Saskatchewan, employed in the purchasing of feed and fodder in Manitoba or Minnesota, for the province of Saskatchewan?

2. If so, how long was he employed and how much was he paid by way of salary or commission, and what were his expenses?

Mr. GARDINER:

1. A. S. Agnew was employed as a feed grader and used in Minnesota and North Dakota.

2. Employed from October 19, 1937, to February 21, 1938. $125 per month plus actual travelling expenses as follows: October, $137.59; November, $303.52; December, $278.68; January, $205.97; February, incomplete.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CIVIL SERVANTS EMPLOYED IN OTTAWA

Mr. LENNARD:

1. How many civil servants, temporary or permanent, whose salaries are paid by the federal government, were employed in Ottawa as of October 14, 1935?

2. How many such civil servants, temporary or permanent, are at present employed in Ottawa?

EXPROPRIATION OF LANDS FOR PARK PURPOSES

Mr. STEWART:

1. Has the Dominion of Canada purchased or acquired by expropriation any lands for public park purposes since the year 1900?
2. If so, what lands were purchased, where were same located, and what was the price or compensation paid for same in each case?

CANADIAN FARM LOAN BOARD

Mr. MARSHALL:

1. What was the yearly profit (or loss) of the Canadian farm loan board since it was formed?
2. How many farm properties were acquired by the board in each of the years 1935, 1936, and 1937 in, (a) Alberta; (b) Saskatchewan?
3. How many sales were held by the board in each of the years 1936 and 1937 in, (a) Alberta; (b) Saskatchewan?
4. What are the total values of all lands held for sale by the board at the end of the year 1937 in, (a) Alberta; (b) Saskatchewan?

PURCHASE BY DOMINION GOVERNMENT OF REAL ESTATE IN OTTAWA

Mr. McDONALD (Souris):

1. How many pieces of real estate have the government bought in Ottawa since the government has been located at Ottawa?
2. What was the price paid for each of such properties?
3. Who were the owners in each case at the time of purchase?

MONTREAL HARBOUR BOARD—JACQUES CARTIER BRIDGE

Mr. DESLAURIERS:

1. What was the financial report of the harbour board of Montreal for the years 1928, 1929, and 1930, not taking into account the administration of the Jacques Cartier bridge?
2. What was the financial report of the harbour board of Montreal for the years 1935, 1936, 1937, exclusive of the cost of administration of the Jacques Cartier bridge?
3. What was the financial report of the Jacques Cartier bridge for the years 1928, 1929, 1930, 1935, 1936, and 1937?
4. Is the amount realized by the sale of the government fleet to the company in which Mr. Simard is a partner shown in the financial report of the port of Montreal for 1937?
5. What rate of interest is the port of Montreal paying on its debt?

CANADIAN NATIONAL RAILWAYS

INQUIRY RESPECTING REPORTED LAY-OFF OF SHOP EMPLOYEES

On the orders of the day:

Mr. SAMUEL FACTOR (Spadina): I should like to submit a question to the Minister of Transport (Mr. Howe). I have received a petition signed by a large number of employees of the Canadian National Railway shops at Leaside, protesting against their dismissal taking place to-day. I understood from the Minister of Transport the other day that he was conferring with the railway management and the heads of the unions concerning the matter of lay-offs. I wonder if he would mind giving the house the result of that conference.

Hon. C. D. HOWE (Minister of Transport): As a result of a conference held yesterday in my office between the railway management and a committee of the heads of the shopmen's brotherhood, it was decided that the situation would be again reviewed in the light of representations made by the management and myself as to the extreme undesirability of laying off men at this time. Following a quick telegraphic vote, it was decided that the reduction in work in the central and western regions would be taken care of by a reduction in hours; that is, instead of a twenty-four day month as the schedules now call for the men will accept an eighteen-day month, and no men will lose their employment.

In the eastern region, however, the shopmen decided that they must insist on the maintenance of the schedules; so there will be a lay-off at Moncton and at Riviere du Loup. However, I am happy to say that the business level in the maritime division is somewhat higher than on the rest of the system, therefore the lay-off will not be very extensive.

It was agreed that this condition shall stand until June 1. In May, all the railway brotherhoods are meeting in convention, and will review their position. If that meeting decides that the schedules must be maintained, that decision must be effective on June 1. On the other hand if the convention decides that the system now being followed is preferable, then that system will continue.

On my own behalf I wish to thank the brotherhoods and the shopmen themselves for taking care of this situation in such a way as not to increase unemployment. I fully realize that the senior shopmen in sacrificing their schedules have made a real sacrifice for the sake of the younger men who would otherwise be thrown out of employment. I think the spirit that has been shown is one that every one of us should commend most highly.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): May I ask the minister if consideration will be given to the question whether perpetual bondholders are going to make any sacrifice?

Mr. F. C. BETTS (London): May I ask the minister how the situation will be met in London, Ontario, where there is a threatened lay-off of some seventy men?

Mr. HOWE: London, being in the central region, is meeting the situation by reduction of hours.

SUPPLY

USE OF CANADA'S FINANCIAL RESOURCES FOR ELIMINATION OF POVERTY—AMENDMENT OF MR. BLACKMORE AND SUBAMENDMENT OF MR. BENNETT

The house resumed from Wednesday, March 30, consideration of the motion of Mr. Dunning for committee of supply, the amendment thereto of Mr. Blackmore, and the amendment to the amendment of Mr. Bennett.

Mr. J. H. BLACKMORE (Lethbridge): I appreciate greatly, and so do the members of our group, the tolerance, courtesy and attention which so far have been accorded to us, not only in this debate but in the previous debates in the house. We realize, no one realizes more keenly, how strange our ideas must appear to hon. members, because all we have to do is to go back four years in our own experience and remember how we felt. We can therefore tell exactly how other hon. members feel. In the light of these things we have no fault whatsoever to find with the tendency on the part of some to scoff at our notions and treat them lightly. But notwithstanding this, we contend that when the realities of the situation and the facts of our proposals are fully comprehended, there will be on all sides nothing but respect and sympathy for our contentions, whether or not it is decided in the end that they are sound.

We have been accused of wasting time. We have deliberately refrained from participating in many debates in this house. There has been very little comment by social crediters on many measures, and little or no discussion of tariff matters; not because we have not our convictions and our beliefs, but because we were deliberately refraining from speaking so that the time we felt was rightfully ours could be devoted to discussion of the matter which we believe of greater importance to this country than anything else that could be discussed at the present time.

Yesterday the hon. member for Broadview (Mr. Church) delayed proceedings while he put on Hansard some things of which some day he and his descendants will not be so very proud.

[Mr. Woodsworth.]

An hon. MEMBER: He has no descendants.

Mr. BLACKMORE: It is too bad he has none, because I think if he had he would be a wiser man. I heard of a story concerning his province; that the first telephone to be put into the office of one of the chief men in Ontario was indignantly kicked out of the office by that man and condemned as an utterly foolhardy device with which he would have nothing to do. If the hon. member has heard that story it should give him cause for thought. The hon. gentleman I believe urged that business men should be given charge of the affairs of this country, and I should like to turn for a moment to this matter of business men managing our affairs. If hon. members will turn to the Dictionary of American Biography, volume XVII, at page 514 they will find an enlightening account of the life of a certain man named William Stanley, who lived from 1858 to 1916. Of him these words are recorded there:

> He devised the multiple system of alternating current distribution, together with its equipment (patent No. 372942, issued November 8, 1887), but Westinghouse—
>
> A business man, mark you.
>
> —refused to finance its development until Stanley at his own expense had put the system into regular commercial service in Great Barrington, installing it in several stores.

From that invention up to the present time there have developed in the United States, I am told, businesses worth thirteen and a half billion dollars. Are business men wise? It hardly looks that way, does it? It takes more than business to make a man wise. At the same time Edison was the greatest authority on electricity in the world. Edison opposed this device as an impractical piece of nonsense. It would not work; it could not work; we did not need it. Again, Edison was a business man. Mr. Stanley's invention made possible the first alternating current transmission of electricity. From his invention came to be promoted the distribution of power by an alternating current system. It threatened the direct current system, in which Edison was deeply interested. Edison and other great authorities on electricity at that time ridiculed Stanley and opposed him by every means at their disposal. With such things as this in the records of history, Mr. Speaker, let us not be greatly surprised if even to-day new ideas meet with intolerance, misunderstanding and opposition.

While we are on the question of electricity I should like to suggest a little illustration which I believe will apply to the debate which

has taken place up to the present time. Before men learned to use electricity produced from the energy of a stream they had to learn by painful experience that it was possible to change into electricity the energy contained in the ice cold waters pouring down from the mountains. When they were convinced that this could be done, they were prepared to consider the possibility of erecting a plant to do that thing. After they had learned the possibility of erecting such a plant it was time to consider the possibility of distributing the electricity. After that they could occupy themselves with the matter of using the electricity when it was distributed, and of safeguarding its use. In this debate we are contending in this house that pouring down the hills of the Dominion of Canada, so to speak, there are vast torrents filled with energy which can be transformed into a form useful to mankind. There is very little value in talking about the kind of plant we should erect or how to distribute it or safeguard it until we first determine whether or not the thing can be done. In this debate we have been occupied with the question, can the thing be done? Is it possible to change vast quantities of goods and services, which are being produced and consumed in this country in one gigantic stream, into money?

Yesterday the Minister of Finance (Mr. Dunning) offered us an Alberta bank. I must spend a moment discussing this proposal. Yesterday I issued to the press, at their request, a statement which I think it is only fair should go into Hansard:

> The Canadian banking system can take a one dollar bill of the dominion or of the Bank of Canada and safely create ten dollars of cheque book money against it. This was definitely proved and acknowledged during the debate on the motion of want of confidence. In using this power, however, the banks have to go forward together in step, so to speak. This all well informed people know.
>
> An Alberta chartered bank under the present set-up in Canada would have to get its Bank of Canada bills from the Bank of Canada, just as any other Canadian chartered bank would have to do. This fact would force the Alberta bank to conform to the policy of the Bank of Canada. Further, if such Alberta bank began to pursue any other policy it would get out of step with other Canadian chartered banks and so become in danger of losing its cash to them. This would of course render it likely to fail. An Alberta bank alone would therefore be unlikely to help in the introduction of social credit.
>
> The Bank of Canada Act gives to the Bank of Canada the power to take one dollar of gold and create against it four dollars of Bank of Canada bills. If Mr. Dunning would offer to Alberta the power to give an Alberta bank this right then he would be conferring upon Alberta real monetary power with great possibilities. If in addition he would agree to recognize as legal tender Alberta one dollar bills with twenty-five cents of gold backing, as he does with Bank of Canada bills with twenty-five cents of gold backing, the possibilities would be still greater. The Alberta bank could then build upon one dollar of gold a currency and credit structure of $40, as the Bank of Canada with the Canadian chartered banks now can.
>
> The power of creating legal tender bills, however, is not in his offer, I take it, and will not, I fancy, ever be in his offer.

I might add these words, which did not go out to the press: It is not the banks we are after, but the system which gives to them and to them only the creation of Canada's money. An Alberta bank attempting to establish itself to-day would probably have about as much chance of success as an Alberta distributing house would have in competition with the T. Eaton Company.

I turn now to a consideration of my motion.

Mr. DUNNING: Would the hon. member permit a question?

Mr. BLACKMORE: If Mr. Speaker will give me extra time I shall be glad to permit interruptions.

Mr. DUNNING: In his statement the hon. member asked if Mr. Dunning would do so and so. In that connection I wish to say merely this, if the hon. member will permit me, that the things he there states Mr. Dunning should do are not within Mr. Dunning's power. What my hon. friend asks there is that the parliament of Canada should turn over to the social credit party the complete control of currency and credit in Canada which is now vested in this parliament, and also complete control of the Bank of Canada. I cannot do that. My hon. friend may convince parliament—if he can—but it is useless to ask me to do more than I offered to do last night, something which it was within my power to do.

Mr. BLACKMORE: I gathered from the remarks the Minister of Finance had previously made that in him, the Minister of Finance, rested complete control of currency and credit in Canada.

Mr. DUNNING: No, no; I repeatedly denied any such thing, and have stated directly the opposite. In this parliament, and in the instrumentality created by this parliament, rests that power. I hope the hon. member will not repeat the statement, which has been made by several of his group, that I control

currency and credit in Canada. It must be within the knowledge of every hon. member of the house that I have never said that.

Mr. BLACKMORE: This is very good. In 1935, before the Bank of Canada was formed, I understand the dominion had delegated the power to create dollar bills, and credit, to each of at least eleven chartered banks throughout the country. I am going to ask this question, sir; whether or not one of the nine sovereign provinces of the dominion would be likely to mismanage currency and credit of Canada to any greater degree than would the group of men who constitute a bank. If the power lay in this parliament to give this complete power to banking institutions, before the Bank of Canada was formed, then it looks as though that power would permit giving a similar right to a province.

However, this is beside the point, although it has been an interesting sidelight. We are now discussing a motion made by the social credit group on March 8. That was a want of confidence motion, on the ground that the present government is neglecting to use Canada's resources for the abolition of poverty in the country. It is a most remarkable thing to me that, other than social crediters, hon. members who have participated in the debate have discussed anything and everything except the motion. That is a most interesting fact. Yesterday we even got to salt fish.

Mr. BRADETTE: We had electricity this morning.

Mr. BLACKMORE: No defence has been made. I challenge members of this house to point to one single place where a defence was made by any member or supporter of the government against the charge that the government has not used the resources of the country to remove poverty. In fact, there have been no answers to any of my contentions concerning money. I directed the attention of the house and the country to money, and the point has been completely sidestepped. A red herring was dragged in, and the time of the house was spent discussing the red herring, while the money question remained in abeyance.

In a few moments I shall show that not a single contention was disproved. Let me recall to the minds of hon. members the points I made. I shall review them briefly.

First: Money is either currency or credit. It could and should be created by the king or by the state.

Second: Our money now is created by and comes from banks. This has been abundantly shown in the discussion.

Third: What gives money value is goods and services, and the producing and consuming power of the community. Had the attention of the house been directed to a discussion of that proposition the time would have been excellently spent. When the truth regarding that proposition is fully recognized we shall be on our way to a change which might do us some good.

Fourth: The amount of money that Canada can have depends upon the number of exchanges Canada can manage to bring to pass within the country. Not one word was said about that. Yet, sir, next to the other one I have mentioned, this is the most important question which can be brought to the attention of parliament.

Fifth: King-created money is sound.

Sixth: Canada's financial set-up now enables her to create legally $80 for one dollar of gold. That was established in the discussion. But before it was established the people in Alberta were called all sorts of lunatics and fools, and withstood a great amount of abuse, from a wide variety of people because that was our contention. It is established, sir, and a great achievement has been brought to pass.

Seventh: Canada can produce abundance for all her people. There was no question about that.

Eighth: Inflation comes from having more money than goods and services. Not a word has been said about that. Yet if we wish to discuss inflation that is the point at which we must commence. This proposition is borne out by the best authorities now living.

Ninth: Canada now has vast amounts of goods no one can buy. She is equipped to produce immediately upon demand vast quantities more of many kinds. The distribution of money would immediately call forth more production. When the almost hysterical outbursts against inflation were in process, not a word was said about that—not a word. And yet that, sir, is the all-important point. If we spent $100,000,000, and by spending that money we immediately brought into existence $100,000,000 or more of goods, there would be no chance in the world of creating inflation—except a form of financial inflation, with which we can deal later on.

Tenth: Therefore, Canada can safely create, issue and use a great deal of money. There was not a word of discussion about that—with the exception of the outburst about inflation.

I said a few moments ago that not one of my contentions was met or answered—not a single one. I ask the members of the government this question: Why in the world was the whole question sidestepped? That is a vital point. Yet we have news sent clear to Australia stating how the Minister of Finance showed that social credit would result in inflation, that it would be most disastrous, and all that sort of thing. The Minister of Finance did not prove that at all, and he cannot prove it.

This debate has proved that $80 can be created in Canada for $1 of gold. It has proved that it can be created out of nothing but paper and pen and ink. That has been proved abundantly on the floor of this house. That is a wonderful achievement. The banks create all the money and they can beat the printing presses any day. We raise our hands in holy horror at the thought of printing presses, but we let the banks go ahead creating money far faster than the printing presses ever could. The banking system of Canada is the power plant that has been erected to serve the country. If we know how to use it we can change our streams of goods and services that are pouring through this country into money that can be used for the betterment of the country. But we must prove that we can do this.

A few moments ago I referred to turning water power into electricity. The first important point is to learn that water power can be turned into electricity. That was the question with which we were occupying ourselves and it had nothing to do with any of the other matters. Can we have money? —that is the question. I understand that the Minister of Labour (Mr. Rogers) rose in his place and said that it was impossible for us to get money in any other way except by borrowing or by taxation. That is the stand normally taken in Canada to-day, but it is a stand which is utterly not in accordance with the facts. As long as we continue to take that stand, we will continue to be bound and the problems of this country cannot be solved.

The next question with respect to the power plant is that the amount of electricity developed depends on the volume and speed of the water. The amount of money that we can create depends upon the volume and speed of our production and upon nothing else. Later on we shall deal with other matters. However, the Minister of Finance attacked it in this way. He did not stop to ask whether or not goods and services could be changed into money; he wanted to know immediately how to do it. If you came into the house ready to discuss the question whether or not water power could be turned into electricity, and you were asked about the details of constructing a power plant, would you consider that to be a fair question? I do not wish to be unfair, but I speak as I see it. This is the next question: He said we do not need electricity; in other words, we have enough coal oil and we do not need any electricity.

Mr. DUNNING: I never said any such thing.

Mr. BLACKMORE: I shall make it abundantly clear to my hon. friend in just a minute. I am simply using an illustration.

Mr. DUNNING: My hon. friend has no right—

Mr. BLACKMORE: Let me make my point first.

Mr. DUNNING: My hon. friend says that the Minister of Finance said that we do not need electricity. The Minister of Finance never said any such thing and my hon. friend cannot put words into my mouth.

Mr. BLACKMORE: I am simply giving an illustration. If the Minister of Finance cannot follow figurative language, it is too bad.

Mr. DUNNING: My hon. friend can use all the illustrations he likes, but he cannot put words into the mouth of an hon. member which that hon. member did not utter. I used the English language and nowhere did I use such words as those now attributed to me.

Mr. BLACKMORE: The point is this: The Minister of Finance argued that the A plus B theorem was faulty and there was no deficiency of purchasing power in the country as a result of industry. That is the same thing as saying that there was no need of electricity in the community. Why take all this trouble to create electricity? If that is not sufficient, I will take it all back. The trouble is the Minister of Finance did not allow me to finish what I was saying.

Speaking figuratively again, the next statement was that electricity will kill people, it will burn them—inflation.

Mr. DUNNING: Who said that?

Mr. BLACKMORE: It was said that the new money would create inflation, that that would mean disaster and chaos. That is the same as saying that electricity would burn people and kill them.

Mr. DUNNING: As long as it is clear that I did not say that, it is quite all right. My hon. friend is saying that, not I.

Mr. BLACKMORE: The next question was that you cannot get a transformer, you cannot get a fuse plug to enable you to control the electric current after you create it. Therefore, do not create it. The objection there was to the just price.

Mr. McLEAN (Melfort): Will my hon. friend tell us now what he refused to tell us a few weeks ago? Who will be the transformers? Who will be the experts?

Mr. BLACKMORE: Would my hon. friend permit me to finish without interrupting? I do not remember the exact words of the Minister of National Revenue (Mr. Ilsley), but I got the impression that he was saying that the Minister of Finance had demolished completely our contention because he had brought in this A plus B theorem. The Minister of Finance demolished nothing by bringing that in. The hon. member for Acadia (Mr. Quelch) dealt unchallengeably with the A plus B theorem, as reported on pages 1304 to 1308 of Hansard. Any hon. member can turn up those pages and find what was said. If you turn to page 19 of the New and Old Economics you will find Major Douglas' reply to Professor Copland of Melbourne and Professor Robbins of London where the same argument is made.

Then about the banks in the west. The right hon. leader of the opposition (Mr. Bennett) made a remark which I think implied that we were endeavouring to discredit the banks. That is not the point at all. Our point in discussing the banks is to show that they create money, that they do not lend savings. The banks are teaching the people that they lend savings, and the fact is that they do not lend savings. As soon as the people realize that this is so they will begin to say, "Why should we owe and pay interest on this credit which they have created?" That is the first intelligent question about money that men will ask. In our discussion we have tried to show what money is, where it comes from, how it comes and what makes it. We used the banks as an illustration to make those points clear to our people.

I should like to turn again now to the amendment. No one can honestly contend under the circumstances that the government is using the monetary resources of the country as they could be used. The only means used by this government to put purchasing power into the hands of the people is through exports, as far as I can make out. We assume that unless you practically throw great quantities of goods away in order to get rid of them, you cannot use any goods of that kind. Such an argument is a monstrosity. The only other means of providing purchasing power that we are using are relief, pensions, public works and rearmaments. I contend that we must use another means to put purchasing power into the hands of the people.

In his speech the minister first of all proceeded to give us a fine outline of the banking system. I believe the people of Canada owe him thanks for doing that, because it is one of the finest things ever put before us by a public man in this dominion. I appreciated it tremendously. He then turned to a discussion of the proposals of the hon. member for Rosthern (Mr. Tucker), just as though they had something to do with my motion. Why bring him in? I was not ready to meet what had to be said about him. As a matter of fact, the proposal made by the hon. member for Rosthern is not a social credit proposal. His proposal has merit, but it also has its difficulties, and it is not social credit. He proposed that an additional amount of Bank of Canada notes be created to carry on projects of various kinds. The Minister of Finance applied the principle of ten to one to show that we could reach such a tremendous amount of deposits in the banks as six billions of dollars, and he said that that would immediately cause inflation. I will grant that a great amount of money in a country might cause inflation, but in the United States they have over ten billion dollars of gold hidden in their vaults, and is that causing inflation? Of course not. Why? Because it is being handled right. You do not have to have inflation just because you have great quantities of money.

Under our present set-up, money cannot possibly get into circulation unless someone will come and borrow it. At the present time we are told the banks are full of money, and they cannot lend it to anybody, and they will not lend it. The result is that they are buying more government securities. Now will someone who thinks he knows tell us how, if you had six times as much money in the banks as we have now, you could get any more people to come and borrow it or get any of the banks to lend it? It has not been proved; maybe it can be proved, but certainly it was not proved. The question is, who would get the money? And again, where would they invest it?

Next there was an attack upon social credit. I am not going to deal with that at all at the present time because there are other

matters which need attention. We did not bring social credit into the debate at all. We did not even mention the words social credit —not once.

An hon. MEMBER: Why not?

Mr. BLACKMORE: There is a scriptural quotation which could be used, but I shall not quote it now. We did not bring social credit into the debate at all because we had not reached the point where we were ready to consider the details of social credit. We were rather considering the question whether you could take the energy in our productive stream and convert it into money, because until you get that principle settled it is idle to take up other points of social credit.

Then the hon. member (Mr. Dunning) demanded concrete results. He said: These are only principles. But Mr. Speaker, before mankind could fly, you had to show men that it was reasonable to suppose they could fly, and we were simply discussing whether it was reasonable that Canada should be able to fly —that you could get electricity out of this great stream that is flowing by. That is what we were contending, and when that question is discussed openly, sincerely and frankly, hon. members will find that we shall be ready to take up other principles of social credit.

With respect to the speech of the Minister of Finance and the principles he enunciated, he said in the first place that money should be issued according to the needs of business. That is absolutely right, and I say that the real cause of the trouble in Canada to-day is that this government is not doing that very thing, and it cannot show that it is doing it. There is a great deal of agitation apparently for the purpose of making it appear that social credit principles are mysterious and difficult of understanding and all that sort of thing, that social credit would change everything, disrupt the whole of society. That is just pure nonsense. I am told that the Wright Brothers, in order to perfect the aeroplane, had to discover just one simple thing, and that was how to warp the tips of the aeroplane's wings. Everything else was there. And we contend, Mr. Speaker, that everything else that is necessary for social credit is here, that all that is required is just a slight change.

An hon. MEMBER: What is that?

Mr. BLACKMORE: There will be plenty of time to develop that. What business needs above all else in this country to-day is that there shall be markets. If you could manage to give an adequate dividend to every man in this country, you would take care of markets inside of a month; and if you bring in the just price principle you would take care of the problem of a stable price to a tremendous degree. To bring about prosperity we must have an even price level. The best thinkers realize, and have done so for hundreds of years, that you can take care of the price level mainly by the amount of money in circulation.

Next, business wants lower taxes. If the government could manage somehow or other to create money to finance some of the things which are breaking the backs of the taxpayers to-day, it would remove a great deal of t' trouble with business; and it can be done.

The question of inflation was also raised. I maintain, sir, that there is no inflation in the social credit contention. Major Douglas has stated time and again that he is entirely opposed to inflation. The only way in which you can possibly prevent inflation is by the introduction of social credit. I know there are many people who will say that that is not so; but that is so. And if I had more time I could read quotations from great authorities who cannot be questioned. I will refer to just one on this point of inflation. I quote from Paul Einzig, the great world economist, in his book World Finance Since 1914, published in 1935, where at page 17 he says:

> The more advanced definitions (of inflation) duly allow for any change in the volume of real wealth. Thus if the volume of currency and credit increases, and the production of real wealth increases in the same proportion, then there is no reason why the expansion of currency and credit should produce an inflationary effect.

Is not that just as clear as it could be for him who runs to read?

Money properly distributed does cause more goods and services to come into being; where there are plenty of goods the money can be expanded, and it must be expanded. Otherwise, you have a fall in prices; you have deflation. That can be proved by reference to any number of authorities right down to the present moment. I have not time to refer to them all, but I am going to refer to Paul H. Douglas, professor of economics at Chicago, and his book, Controlling Depressions, written in 1935. I will give hon. members the page number, to save time—page 137. There he points out that when you increase the money in circulation you automatically increase goods and services, because there are vast quantities of unused resources, great numbers of men unemployed, great amounts of productive equipment being only partly used, and the minute you distribute money

wisely and get it to the right people, you set your productive machinery into operation and make it possible immediately to issue more money without causing inflation. In Paul Douglas's book, at page 126, you will find another comment of the same kind.

Mr. SPEAKER: The hon. member's time is exhausted.

Mr. BLACKMORE: If I might have just a few minutes more, Mr. Speaker—

Some hon. MEMBERS: Go on.

Mr. BLACKMORE: I appreciate greatly the courtesy and consideration of the house, Mr. Speaker. There is a great deal to be said. I know the members want the facts, and I am glad to give them.

Some hon. MEMBERS: Time.

Mr. SPEAKER: The hon. member has exhausted his forty minutes and can continue only with the unanimous consent of the house.

Mr. DUNNING: Mr. Speaker, I think I was responsible for depriving the hon. member of five minutes of his time, but I do not think more than that.

Mr. SPEAKER: By unanimous consent.

Mr. BLACKMORE: Thank you, Mr. Speaker. I had the impression that the house had given consent.

If hon. members will turn to G. D. H. Cole's Principles of Economic Planning, page 208, they will find the same principle set out there. The Minister of Finance assumed inflation. If you will go through his remarks with great care I believe you will find that every time he assumed inflation he at no time proved it. He told of the dangers that would come from inflation but he nowhere proved that inflation would come.

There is one other matter that I wish to deal with in the five minutes that have been granted to me; and if we are going to use the time let us use it without much disturbance.

A good deal was made of the question of the velocity of circulation, and it was implied that social crediters are not aware of the principle of the velocity of circulation. That is entirely untrue. We have not discussed velocity of circulation simply because we have not got around to it. Let me read something that will interest the minister tremendously—a quotation from Professor Irving Fisher:

> The latest and best studies on velocity show that in normal times it varies little; and even in booms and depressions its variations are much smaller than usually supposed, except for speculative transactions.

There are many people who imply that we quote out of context, and actually accuse us of doing so, and for that reason I wrote to Professor Fisher, before quoting this passage, to ask him where it could be found. On March 19 of the present year he wrote me a letter in the course of which he said:

> I do not now recall where the quotation from me on page 10 came from and I cannot now at this time make a search but it correctly states my views.

That is from Professor Irving Fisher of Yale, one of the world's great economists.

I have other material that bears upon the question, material of considerable force, but I have not the time to-day to discuss it. There is one question, however, to which I would refer here. Whenever the question of increasing money is brought up somebody rises and cries "Germany!" If hon. members will consult World Finance Since 1914 they will find at page 67 a complete statement explaining why Germany's issue of money failed. I contend that there is not one of those factors existing in Canada to-day—not one. Let hon. members read the book and form their own conclusion.

I greatly appreciate the extra time given me and the courtesy shown me. I submit that we were thoroughly justified in moving this motion of want of confidence in the government on the ground that, all things considered, the government has not adequately used the resources at its disposal to remove poverty from the midst of the Canadian people.

Mr. J. S. TAYLOR (Nanaimo): I refuse to be associated with any hon. member in this house in the view that banks, whether chartered or central, can in practice elevate one cash dollar to ten dollars in credit, or do this in any other way than theoretically under present practice. I intended to speak on this and cognate matters, but the unusual progress of the debate precludes the possibility of that. I shall, however, bring my statements before the house on another suitable occasion.

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

YEAS

Messrs:

Baker	Clarke (Rosedale)
Barber	Coldwell
Beaubier	Douglas
Bennett	Edwards
Betts	Esling
Black (Yukon)	Graydon
Brooks	Green
Brown	Heaps
Cahan	Heon
Church	Hyndman

Lawson
Lennard
Lockhart
McGregor
MacInnis
MacNeil
MacNicol
Marsh
Massey
Neill
Perley
Ross (St. Paul's)
Rowe (Dufferin-Simcoe)
Senn
Spence
Stevens
Stewart
Stirling
Thompson
Tustin
Walsh
White
Woodsworth—43.

NAYS

Messrs:

Ahearn
Barry
Beaubien
Bertrand (Prescott)
Bertrand (Laurier)
Black (Châteauguay-Huntingdon)
Blackmore
Blair
Blais
Blanchette
Bothwell
Bouchard
Boulanger
Bradette
Brunelle
Cameron
Cardin
Clark (York-Sunbury)
Cleaver
Cochrane
Coté
Crerar
Crète
Damude
Davidson
Denis
Donnelly
Dubois
Duffus
Dunning
Dupuis
Dussault
Elliott (Kindersley)
Emmerson
Euler
Evans
Factor
Fafard
Fair
Ferguson
Ferland
Ferron
Fiset (Sir Eugène)
Fleming
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemount)
Francœur
Fraser
Furniss
Gardiner
Gariépy
Gauthier
Girouard
Gladstone
Glen
Golding
Gosselin
Goulet
Grant
Hamilton
Hansell
Hanson
Hartigan
Hayhurst
Howard
Howden
Howe
Hurtubise
Hushion
Ilsley
Isnor
Jaques
Jean
Johnston (Bow River)
Johnston (Lake Centre)
King, Mackenzie
Kinley
Kirk
Kuhl
Lacombe
Lacroix (Beauce)
Lacroix (Quebec-Montmorency)
Lalonde
Landeryou
Lapointe (Matapedia-Matane)
Leader
Leduc
Little
McAvity
McCallum
McCann
McCulloch
McDonald (Pontiac)
McDonald (Souris)
McIntosh
McIvor
McKenzie (Lambton-Kent)
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
McLarty
MacLean (Cape Breton North-Victoria)
McLean (Melfort)
MacLean (Prince)
McLean (Simcoe East)
MacLennan
MacMillan
McNevin (Victoria, Ont.)
McNiven (Regina City)
McPhee
MacRae
Mallette
Marshall
Martin
Maybank
Michaud
Mills
Mitchell
Moore
Motherwell
Mullins
Mulock
Mutch
Needham
O'Neill
Parent (Quebec West and South)
Parent (Terrebonne)
Patterson
Pelletier
Pinard
Plaxton
Poole
Pottier
Pouliot
Power
Purdy
Quelch
Raymond
Reid
Rennie
Rhéaume
Rickard
Rinfret
Robichaud
Rogers
Ross (Middlesex East)
Ross (Moose Jaw)
St-Père
Sanderson
Streight
Sylvestre
Taylor (Nanaimo)
Taylor (Norfolk)
Telford
Thauvette
Thorson
Tomlinson
Tremblay
Tucker
Turgeon
Turner
Ward
Warren
Weir
Winkler
Wood
Young—168.

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

YEAS

Messrs.

Baker
Barber
Bennett
Betts
Blackmore
Brooks
Brown
Cahan
Clarke (Rosedale)
Coldwell
Douglas
Elliott (Kindersley)
Esling
Fair
Graydon
Green
Hansell
Hayhurst
Heaps
Heon
Hyndman
Jaques
Johnston (Bow River)
Kuhl
Landeryou
Lawson
Lennard
Lockhart
McGregor
MacInnis
MacNeil
MacNicol
Marsh
Marshall
Massey
Mitchell
Needham
Pelletier
Perley
Poole
Quelch
Ross (St. Paul's)
Rowe (Dufferin-Simcoe)
Senn
Spence
Stevens
Stewart
Stirling
Thompson
Tustin
Walsh
White
Woodsworth—53.

NAYS

Messrs.

Ahearn
Barry
Beaubien
Bertrand (Prescott)
Bertrand (Laurier)
Black (Chateauguay-Huntingdon)
Black (Yukon)
Blair
Blais
Blanchette
Bothwell
Bouchard
Boulanger
Bradette
Brunelle
Cameron
Cardin

Clark (York-Sunbury)
Cleaver
Cochrane
Coté
Crerar
Crète
Damude
Davidson
Denis
Donnelly
Dubois
Duffus
Dunning
Dupuis
Dussault
Emmerson
Euler
Evans
Factor
Fafard
Farquhar
Ferguson
Ferland
Ferron
Fiset (Sir Eugène)
Fleming
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemount)
Francœur
Fraser
Furniss
Gardiner
Garièpy
Gauthier
Girouard
Gladstone
Glen
Golding
Gosselin
Goulet
Grant
Hamilton
Hanson
Hartigan
Howard
Howden
Howe
Hurtubise
Hushion
Ilsley
Isnor
Jean
Johnston (Lake Centre)
King, Mackenzie
Kinley
Kirk
Lacombe
Lacroix (Beauce)
Lacroix (Quebec-Montmorency)
Lalonde
Lapointe (Matapedia-Matane)
Leader
Leduc
Little
McAvity
McCallum
McCann
McCulloch
McDonald (Pontiac)
McDonald (Souris)
McIntosh
McIvor
McKenzie (Lambton-Kent)
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
McLarty
MacLean (Cape Breton North-Victoria)
McLean (Melfort)
MacLean (Prince)
McLean (Simcoe East)
MacLennan
MacMillan
McNevin (Victoria, Ont.)
McNiven (Regina City)
McPhee
MacRae
Mallette
Martin
Maybank
Michaud
Mills
Moore
Motherwell
Mullins
Mulock
Mutch
Neill
O'Neill
Parent (Quebec West and South)
Parent (Terrebonne)
Patterson
Pinard
Plaxton
Pottier
Pouliot
Power
Purdy
Raymond
Reid
Rennie
Rhéaume
Rickard
Rinfret
Robichaud
Rogers
Ross (Middlesex East)
Ross (Moose Jaw)
St-Père
Sanderson
Streight
Sylvestre
Taylor (Nanaimo)
Taylor (Norfolk)
Telford
Thauvette
Thorson
Tomlinson
Tremblay
Tucker
Turgeon
Turner
Veniot
Ward
Warren
Weir
Winkler
Wood
Young—157.

Mr. CASSELMAN: I was paired with the hon. member for Lambton West (Mr. Gray). Had I voted, I would have voted for the subamendment and for the amendment.

Mr. HARRIS: I was paired with the hon. member for Cartier (Mr. Jacobs). Had I voted, I would have voted for the subamendment and for the amendment.

Mr. EDWARDS: I was paired with the hon. member for Middlesex West (Mr. Elliott). Had I voted, I would have voted for the amendment.

Main motion (Mr. Dunning) agreed to, and the house went into committee of supply, Mr. Sanderson in the chair.

SOLDIER AND GENERAL LAND SETTLEMENT

To provide for payment to the government of the province of New Brunswick in accordance with the terms of the New Brunswick 500 British family amended agreement of April 30, 1935, in respect of (a) the indebtedness of settlers on farms taken over by the dominion government listed in the schedule attached to the said agreement to the extent provided in the said agreement and (b) the dominion government proportion of losses on interest under section 8 (b) of the agreement, $572,975.01.

Mr. BENNETT: What is this about?

Hon. T. A. CRERAR (Minister of Mines and Resources): In 1927 a tripartite arrangement was entered into between the federal government, the government of New Brunswick and the government of the United Kingdom for the settlement of certain British settlers in New Brunswick. Under that agreement the New Brunswick government supplied the land and the British government, as I recall, supplied the money for equipment. The part played by the federal government was relatively small; my recollection is that it was confined to a share of the interest losses that might arise in the first two years. That arrangement continued until 1935, when a new agreement was made between the federal government and the New Brunswick government under which the federal government in effect purchased the land from the New Brunswick government, covered by such settlers as were still on farms at that time. The understanding was that the New Brunswick government would be paid by the federal government as collections were received from these settlers. During the difficult period since then the payments have not come in from the settlers except in very small degree; consequently the liability is still outstanding to the government of New Brunswick so far as the federal government is concerned.

There is this further aspect of the matter, that we are paying five per cent interest on our obligation to the government of New Brunswick, and it has been considered advisable that it be closed out as at March 31, which is to-day. This vote is necessary for that purpose. I might add that originally there were 359 settlers, of whom 240 are or were recently still on these farms in New Brunswick. Of the amount of $572,975.01 the sum of $521,000 was really principal as at the time in 1935 when the new agreement was made. The balance represents accrued interest from that time to the present.

Mr. BENNETT: The amount was in fact borrowed, was it not, by New Brunswick in the first instance on their credit; then they bought the farms and sold them to the settlers?

Mr. CRERAR: I cannot say whether the amount was borrowed—from the federal government?

Mr. BENNETT: No, borrowed from the public.

Mr. CRERAR: That is correct. At any rate New Brunswick found the money in 1927 to carry out its part of the bargain, either by taxation or by borrowing.

Mr. BENNETT: I was wondering whether we should take any steps to see that the money we thus pay goes to liquidate the outstanding obligations, because the money was borrowed for that particular purpose.

Mr. CRERAR: Just offhand I think that might be inadvisable. New Brunswick might charge us with an undue interference in their affairs.

Mr. BENNETT: I was just wondering whether there was anything in the nature of a trust as far as they were concerned with respect to that money.

Mr. CRERAR: No, I understand not; but after all the responsiblity is with the province of New Brunswick to look after its own financial obligations.

Mr. STIRLING: As this may be said to come under the head of assisted passage schemes, in view of what the press has told us in the last few days with regard to Canberra, that the Commonwealth of Australia is prepared to discuss the further use of assisted passage schemes, would the minister be prepared to make any statement with regard to the views of the government concerning such schemes?

Mr. CRERAR: I am not prepared at the present time to make any definite statement on that question. Of course that does not relate to the item under consideration.

Mr. STIRLING: This was an assisted passage scheme?

Mr. CRERAR: Not in the ordinary sense. It was the result of a three-cornered arrangement entered into between the federal government, the New Brunswick government and the British government in 1927. Under that agreement I presume possibly some assistance might have been given in regard to passage. I could not say.

Mr. STIRLING: Yes, there was some assistance.

Mr. MacINNIS: Is the amount being provided now the total cost to the government?

Mr. CRERAR: No, it is the total amount of our obligation to the New Brunswick government. If my hon. friend's question is whether or not this is the total cost to the federal government, the answer is in the negative. What losses will ultimately accrue to the federal government when the scheme is finally liquidated cannot be determined at this time.

Mr. DOUGLAS (Weyburn): Has the minister the total cost to the federal government to date?

Mr. CRERAR: The total cost of this New Brunswick family scheme?

Mr. DOUGLAS (Weyburn): Yes.

Mr. CRERAR: No, I do not know that I can give that information at the moment. This item, of course, has nothing to do with losses up to date. It deals with the carrying out of an arrangement made with the government of New Brunswick. The other information for which my hon. friend asks of course can be made available when the ordinary soldier settlement estimates are before the house.

Mr. BENNETT: The effect of the agreement was that we took over the liability of New Brunswick, which amounted to about $1,450 per farm, or thereabouts. We have taken their place, but instead of paying the purchase price in instalments the minister is providing this lump sum to defray the whole cost, and New Brunswick no longer has any interest in the lands.

Mr. CRERAR: Quite.

Mr. BROOKS: The minister said there were 359 settlers who came under this scheme and that 240 were still on the land. That would leave 114 vacant farms. What dis-

position has been made of these vacant farms, and how many are still vacant?

Mr. CRERAR: I am afraid I cannot give that information. I did not come prepared to answer a question of that type, or a question such as that asked by the hon. member for Weyburn. That information will be available when the ordinary soldier settlement estimates are before the committee. I repeat that this item is not concerned with losses on farms. It provides an amount to satisfy the obligation to the New Brunswick government which the federal government assumed when the arrangement was made in 1935.

Mr. BROOKS: These farms are being handled under the soldier settlement board, are they not?

Mr. CRERAR: That is correct.

Mr. BROOKS: And they make practically the same disposition of a vacant farm in connection with this scheme as they would under the soldier settlement board?

Mr. CRERAR: Yes.

Mr. BENNETT: They are not under the same statutory obligation.

Mr. CRERAR: No. We assumed all obligations in connection with the farms taken over in 1935, and that involved the total number of farms on which settlers at that time still remained.

Mr. BENNETT: Or had defaulted.

Mr. CRERAR: If there were any cases of default up to 1935—that is, where the settler had left the land,—we did not assume responsibility. We assumed responsibility simply where settlers were still upon the land.

Mr. BENNETT: Occupying the farms.

Mr. CRERAR: Yes.

Mr. SPENCE: The minister said a moment ago that 359 people came out under this scheme to New Brunswick. Did he mean 359 people or families?

Mr. CRERAR: Three hundred and fifty-nine settlers.

Mr. SPENCE: Sometimes there are ten or eleven in a family, and sometimes only five or six.

Mr. CRERAR: There were three hundred and fifty-nine settlers. Whether or not some of them were bachelors, I cannot say.

Mr. SPENCE: That would be a different proposition.

[Mr. Brooks.]

Mr. CRERAR: At any rate that is the number of settlers.

Mr. DOUGLAS: When the item is paid, what assets or security will the government have with respect to those farms?

Mr. CRERAR: It has a claim against the settlers who were still resident on the land at the time the arrangement was made, in 1935.

Mr. BENNETT: Their contract.

Mr. MacNICOL: Is the matter concerning Lieutenant Frank Murphy, which I brought up some time ago, included in the item, or shall I have to wait until the other estimates are under consideration?

Mr. CRERAR: The matter to which the hon. member refers is one which might more properly be discussed when the general soldier settlement estimates are before the house. This item deals not with the general problem, but simply with carrying out the arrangement in New Brunswick.

Mr. MacINNIS: Are those settlers self-supporting now?

Mr. CRERAR: I am afraid some of them may not be, but I cannot give the information at this time.

Item agreed to.

DEPARTMENT OF TRANSPORT

Railway Service—Maritime Freight Rates Act: additional amount, in excess of the sum of $1,800,000 already appropriated, to authorize and provide for the payment from time to time during the fiscal year 1937-38 to the Canadian National Railway Company of the difference (estimated by the auditors of the said company and certified by the said auditors to the Minister of Transport as and when required by the said minister) occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (upon the same basis as set out in section 9 of the said Act with respect to companies therein referred to) on all traffic moved during the year 1937, under the tariffs approved, on the eastern lines (as referred to in section 1 of the said Act) of the Canadian National Railways, $587,505.81.

Mr. BENNETT: Does this mean that there was increased traffic which necessitated the payment of a larger sum than that estimated last year?

Hon. C. D. HOWE (Minister of Transport): Yes, that is the reason.

Mr. MacNICOL: Has it anything to do with subventions on coal from the maritimes?

Mr. HOWE: No. Subventions on coal is an entirely different matter.

Item agreed to.

Additional amount in excess of the sum of $700,000 already appropriated to provide for payment from time to time during the fiscal year 1937-38 of the difference, estimated by the Board of Railway Commissioners and certified by the said board to the Minister of Transport as and when required by him, occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (referred to in section 9 of the said act) on all traffic moved during 1937 under the tariffs approved by the following companies: Canada and Gulf Terminal Railway; Canadian Pacific Railway, including: Fredericton & Grand Lake Coal & Railway Company, and New Brunswick Coal and Railway Company; Cumberland Railway & Coal Company; Dominion Atlantic Railway; Maritime Coal, Railway & Power Company; Sydney & Louisburg Railway; Temiscouata Railway Company, $94,951.96.

Mr. HOWE: This is a similar vote, with the exception that it is for the Canadian Pacific and other railways.

Mr. BROOKS: How does the item compare with the same item last year?

Mr. HOWE: It is larger than last year's item, due to the larger volume of traffic which has been moving in the maritimes during the past year. Of course this is a statutory item and quite uncontrollable. The amount of it depends entirely on the volume of traffic moving in the region to which the rate is applicable.

Mr. BROOKS: This afternoon in explaining the conditions surrounding the laying off of men in other parts of Canada the minister stated that the union in Moncton did not agree to the lay-off. He also said there were not as many men to lay off at that point, due to the increased traffic on railways in the maritimes. Does he expect that increased traffic to continue after the closing of the winter ports at Halifax and Saint John, or will there be a considerable lay-off after the closing of those ports?

Mr. HOWE: There will be no additional lay-off of shop men on account of the closing of the winter ports. The lay-off there is timed to coincide fairly well with the closing of the rush business.

Item agreed to.

Hudson Bay railway: amount to provide for the difference between expenditures for operation and maintenance and revenue accruing from operation during the year ending March 31, 1938—further amount required, $40,000.

Mr. BENNETT: I should like to make it clear that we would like to discuss the whole question in connection with the operation of the Hudson Bay railway when the estimates for the ensuing fiscal year are before the house. There is no reason for going into the discussion now and again at that time.

Mr. HOWE: That is understood.

Item agreed to.

Interest on rails rolled for Canadian National Railways: to provide for payment under the terms and conditions of orders in council P.C. 1462 and P.C. 1533 of June 7, 1935, respecting orders of steel rails for Canadian National Railways—further amount required, $11,110.50.

Mr. HEAPS: What amount of rails is lying idle at Sydney? Evidently there must be a large quantity if the interest in a short period of time amounts to the large sums mentioned in this and following items. Is there any possibility that the rails which have been manufactured and rolled will be utilized in the immediate future?

Mr. HOWE: The difficulty in connection with the balance of the order is that more rails of 130 pounds per yard were rolled than the railway has been able to use. Practically all that are left are 130-pound rails. The original order was 40,000 tons to the Dominion Steel and Coal Corporation Limited and 40,000 tons to the Algoma Steel Corporation.

Mr. BENNETT: That is all main-line steel, and it is not used because it is not required?

Mr. HOWE: That is correct. It has not been required in connection with maintenance.

Mr. HEAPS: What is the value of the steel?

Mr. BENNETT: It would figure out to about $1,360,000.

Mr. HOWE: I have not the exact figure, but there are 15,000 tons in one shop and 19,000 in the other, and the price is $42 per ton.

Mr. HEAPS: I believe this order was given to provide work in the steel mills of Nova Scotia?

Mr. BENNETT: And the Sault.

Mr. HEAPS: I have no objection to a policy of that kind being adopted within reasonable limits. But if orders are given in excess of requirements I believe there will be adverse reaction all the way round. From what the minister has said it will be some considerable time before the rails so produced in those mills can be used by the Canadian National Railways. In the meantime there must be considerable loss by deterioration. Although I do not know how fast steel will deteriorate, the minister's engineering experience may place him in a position to tell us.

Mr. HOWE: The steel is not allowed to deteriorate. There is no difficulty at the

Algoma plant, but at Sydney there has been some rusting and pitting. There is an item, No. 448, to pay for rubbing the steel down, removing rust and oiling the rails. The difference between conditions at the Sault and at Sydney are purely climatic; at one point there is moist salt air, and at the other the air is dry.

Item agreed to.

To authorize the writing off to consolidated revenue fund of the amount of $53,895.18, being the amount charged to the Canadian National and the Canadian Pacific railways, and representing the difference between the six per cent sales tax on which their contracts for railway equipment ordered under the provisions of the Supplementary Public Works Construction Act, 1935, were based, and the eight per cent sales tax imposed by chapter 45 of the Statutes of 1936: Canadian National Railways, $24,394.34; Canadian Pacific Railway, $29,500.84; total, $53,895.18.

Mr. BENNETT: Is it necessary to come to parliament for this item? Is there not power to remit the tax? The sales tax was increased from six to eight per cent and we are being asked to take care of the extra two per cent. Would not it be possible to deal with this under the finance and audit act?

Mr. HOWE: As my hon. friend is probably aware, the Department of Justice has always taken the view that a contract entered into prior to the date the increase in the sales tax became effective, is not adjustable to provide for such increase. I think that is why our law officers have decided that this should come to parliament.

Mr. BENNETT: I do not think it is necessary, but it is all right.

Mr. HAYHURST: Is the eight per cent sales tax added to the manufacturers' or wholesale price?

Mr. HOWE: To the manufacturers' price.

Item agreed to.

GOVERNMENT OWNED ENTERPRISES

Canadian National Railway Company—Additional amount, in excess of the sum of $35,000,000 already appropriated, and the sum of $6,890,000 authorized by governor general's warrant, to be paid from time to time, under such conditions as the Minister of Finance may prescribe, to the Canadian National Railway Company (hereinafter called "the National Company") and to be applied by the National Company in payment of the deficit arising in the calendar year 1937, including such supplementary contribution to the Intercolonial and Prince Edward Island railway employees' provident fund as may be necessary to provide for payment in full of monthly allowances under the provisions of the Intercolonial and Prince Edward Island Railway Employees' Provident Fund Act, notwithstanding the limitation contained in section four of the said act, and including such supplementary contribution to the Grand Trunk Railway of Canada superannuation and provident fund as may be necessary to enable payment to be made of monthly allowances under the rules and regulations of the fund, notwithstanding the limitation contained in section thirteen of chapter sixty-five of the statutes of Canada, 1874, but not including amounts charged to proprietor's equity of the national railway system as defined in chapter twenty-two of the statutes of Canada, 1937, $455,867.99.

Mr. BENNETT: There will be a good deal of discussion in connection with some of the items in these supplementary estimates, especially the $6,890,000 authorized by governor general's warrants. It will be remembered that $35,000,000 was provided by the statute of last year and was dealt with in the special railway committee. I suggest that the item be allowed to pass on the distinct understanding that when the other matters are before the committee, we can discuss this matter as though it had not been discussed at all.

Item agreed to.

Trans-Canada Air Lines—To hereby authorize and provide for payment from time to time during the fiscal year 1937-38 to Trans-Canada air lines, to be applied by the said Trans-Canada air lines in payment of the deficit (certified by the auditor of the said Trans-Canada air lines to the Minister of Transport as and when required by the said minister) resulting from the operations of the said Trans-Canada air lines during the calendar year 1937, $111,005.07.

Mr. BENNETT: We shall want to make some observations in connection with this item. The minister will remember that we were in the midst of a discussion with respect to the air lines when the vote was before the committee. We were inquiring about the operations of last year, and at that time the minister was not in a position to give us the information. It will naturally take some time to discuss the whole situation in connection with the deficit. If the principle I have suggested is adopted and no question is raised as to our discussing this matter when the main estimates are up, there is no reason why we should delay the passing of the item.

Mr. HOWE: I shall be glad to discuss this item at that time.

Item agreed to.

National Harbours Board—to provide for payment to National Harbours Board of the amount of the deficit incurred in the calendar year 1937 in the operation of Prescott elevator, $23,858.32.

Mr. BENNETT: This item will be the subject matter of a long discussion. If it is

understood that the passing of this item at this time is without prejudice to our right to discuss the operations of the past year, there is no reason why it should not pass. I am afraid it would take a long time to discuss it now.

Item agreed to.

DEPARTMENT OF LABOUR

Conciliation and Labour Act—further amount required, $13,000.

Mr. BENNETT: Perhaps we might have an explanation of this item.

Hon. NORMAN McL. ROGERS (Minister of Labour): This item is accounted for by additional cost of printing, more particularly in connection with the Labour Gazette and supplements thereto which are published ordinarily at this time of the year. It was assumed that we would be able to meet the requirements of these publications for an amount less than has actually been necessary. The increase in cost is due in part to the fact that certain statistics which are published as a matter of record in the Labour Gazette have required additional printing. During the same period it has been found necessary to employ additional temporary employees, and these two considerations are responsible for the additional amount of $13,000.

Mr. BENNETT: Would the minister break down the item?

Mr. ROGERS: It is estimated that the printing accounts for January, February and March, chargeable to this vote, will be as follows:

January	$ 1,900
February	3,600
March (estimated)	8,400
	$13,900

Of the $35,000 voted in the main estimates there remains available a balance of approximately $900. Therefore, the estimated requirements to March 31 total $13,000.

Mr. HEAPS: I had intended raising a question under this item on a subsequent occasion, but I think it is well to take advantage of the first opportunity that presents itself to deal with one aspect of conciliation which I think is of considerable interest. I am sorry I could not give the minister advance notice of my intention to raise this question as in that event he probably would have had full information before him. My question concerns a dispute between the employees and the management of the Canadian Press which has been pending for some time. It seems that they are farther away from settlement at the present time than they were when the dispute first started several months ago. From information I have received it appears that the management has taken rather a high-handed attitude toward the employees and has refused consistently to recognize their organization. I have seen their representatives who have been in touch with the Department of Labour; but it seems that there are certain formalities to contend with, which, instead of having the effect of bringing the parties to a closer agreement have had the tendency of creating difficulties in the attainment of that particular objective.

The Canadian Press is a semi-public organization, and we would have thought that its management would have set a better example to the rest of the country than it has. Difficulties have been placed in the way of the employees organizing, and the employers will not recognize the organization or union which has been formed. In December of last year the employees sent a memorandum to the employers, and in view of the fact that there is before parliament a bill introduced by the leader of our group, having a direct bearing on this question, perhaps it would not be out of place if I read a few extracts from the memorandum. This is a memorandum prepared by the employees and submitted to Mr. Livesay of the Canadian Press:

> This committee, representing your telegraph employees, requested this conference for the purpose of formally seeking acknowledgment and recognition of our right to organize and to bargain collectively with the Canadian Press through representatives of our own choosing.

And further:

> To reach this common ground we believe it is essential the employees be organized, as the Canadian Press is organized, to permit representatives from both sides to meet as occasion warrants to discuss and agree upon terms of employment.
>
> To reach this common ground we believe it is essential the employees be organized, as the Canadian Press is organized, to permit representatives from both sides to meet as occasion warrants to discuss and agree upon terms of employment.
>
> However, we believe you will agree with us when we say that the Canadian Press has been organized and developed primarily in the interests of its members who make up the Canadian Press. In other words, for the benefit of the employer.
>
> We believe our desires in these respects can only be properly approached and considered if we are organized and are granted the right to bargain collectively through our chosen representatives.
>
> That is why we respectfully request the Canadian Press to approve our right to organize and to extend us the right to bargain collectively.

Further on in the same submission they state:

> We believe a union agreement between the Canadian Press and the employees will prove mutually beneficial.
>
> Such an agreement, when negotiated, would represent the best possible conditions and terms of employment that can be established.

I could go on and give quite a number of similar quotations from the submission of the employees asking their employers to recognize the fundamental right of the employees to organize into a union of their own choice. This submission, which was made to the employers on December 7 last, was refused by the company, and now, as a result of the terms of the conciliation act as it stands at present, the employees are compelled to take a strike vote before the Canadian Press need agree to a board of conciliation being appointed.

I should like to state the case of the employees in a little more detail to show what a strong case they have for organization. In Canada, employees in certain categories who are known as junior punchers receive an average wage of approximately $22.50 a week, and senior punchers receive approximately $30 a week. In this country their hours of labour are forty-eight hours a week. I want to compare these wages with those paid in the United States, and give the hours of work there. Wages for junior punchers in the United States are $45 a week, as against $22.50 a week in Canada, and senior punchers in the United States receive $52.50 a week as against $30 a week in Canada. In the United States they work from 36½ to 41 hours a week, as against 48 hours a week in Canada.

The men who are asking for recognition of the right of the employees to bargain collectively are members of the same international trade union as those who receive these tremendously higher rates of wages in the United States. But when the employees in this country attempt to band themselves together for the purpose of submitting their claims collectively to the Canadian Press, they are met with all kinds of obstacles, technicalities and difficulties when they request that a board of conciliation be appointed. I understand from the information which I have received, and which I think is reliable, that the Canadian Press has refused to accept a board of conciliation until such time as the employees have taken a strike vote on whether they will go out on strike to enforce improved conditions of employment.

One point I am trying to make is that I do not think it should be necessary for the employees in their organization to be compelled to go to the length of taking a strike vote before the Department of Labour will grant a board of conciliation. If a strike vote is forced on the employees, it only tends, I think, to create greater difficulties subsequently than would be the case if the board of conciliation were appointed without this necessary formality of a strike vote. I know the viewpoint of the department, and I am quite sure that had they been in a position to grant the employees a board of conciliation without a strike vote being taken, this would have been done. But in view of the circumstance that the department is not in a position to grant a board of conciliation in this case without the formality of a strike vote having first been taken, I would ask the minister if some ways and means could not be found of amending the existing act or regulations to give the department power to grant a board of conciliation without this formality of the employees having first to take a strike vote.

Mr. ROGERS: As my hon. friend has just stated, he advised me only a moment ago of his intention to bring up this question at this time. It is quite true that there has been a dispute between the Canadian Press and some of its employees.

Mr. BENNETT: What class of employees?

Mr. ROGERS: The teletype operator. It was the hope of the department that it would be found possible to settle this dispute by direct negotiation. As a matter of fact, it is my own view that whenever these disputes can be settled by direct negotiation and collective bargaining, it is desirable that they should be so settled. But as my hon. friend has stated, apparently there has arisen a difficulty which is not capable of settlement by direct negotiation, and application has been made for a board of conciliation under the Industrial Disputes Investigation Act. That application is now pending, and I am sure it will not be expected that I should make any statement at this time with respect to the merits of the controversy. That would be wholly improper, but I can assure my hon. friend that the application will be dealt with on its merits. Certainly there has been no intention on the part of officials of the Department of Labour to place obstacles in the way of having this application granted.

As perhaps members are aware, it is necessary, in order to avoid the setting up of boards sometimes for frivolous purposes, to require that certain declarations shall be made in connection with the application, and one of those declarations is to the effect that

unless the dispute is adjusted or a board is set up there is a reasonable and probable belief that a strike will ensue. That, after all, is the reason why the Department of Labour sets up a board in such cases, to prevent a strike in industry.

Mr. WOODSWORTH: Is that equivalent to what is known as a strike vote?

Mr. ROGERS: A strike vote is commonly taken. I can assure my hon. friend of that, although I have not the statute before me. As perhaps will be recalled, a strike vote was taken at a later stage in connection with the dispute last year between the railway companies and their employees. I should like to say, however, that under the Industrial Disputes Investigation Act a board can be set up without the consent of both parties. As a matter of fact, that has been done within recent months in a dispute which arose in the Minto coal fields. At the same time it is always desirable that both parties to a dispute should cooperate in selecting the personnel of the board. I am sure my hon. friend will appreciate the importance of that, and therefore the department believes that if and when this board is established, it will have the full cooperation of the management of the Canadian Press with respect to the nomination of a representative of the employers concerned.

Mr. HEAPS: I would emphasize that I have no complaint at all in this particular case against the Department of Labour.

Mr. ROGERS: I am just making the point that the application is pending and will be dealt with on its merits.

Mr. HEAPS: Has the department, in the minister's opinion, the legal right to establish a board against the consent of one of the parties to the dispute?

Mr. ROGERS: What can be done under one section of the act is to set up a board on the initiative of the minister. When that is done, we still ask both parties to the dispute to make their nominations to the board; but if one of the parties should refuse, that nomination can be made at the instance of the Minister of Labour. I mention that because that situation arose in recent months in connection with the dispute at Minto. The board was set up by the minister. The employers concerned declined to make a nomination, and the nomination was made by the minister in order to complete the personnel of the board.

Mr. HEAPS: Have any objections been raised?

Mr. ROGERS: In the Minto case objections were raised, but they were not pressed. The board was set up and has functioned.

Mr. BENNETT: The Snider case made it clear that jurisdiction with respect to some phases rests entirely with the provincial authority.

Mr. ROGERS: Yes.

Mr. BENNETT: It would be competent for the province to set up a board under the decision in the Snider case. We are operating under a sort of modus vivendi so far as the general application of the act is concerned.

Mr. ROGERS: After the decision in the Snider case was rendered, the provinces passed enabling legislation.

Mr. BENNETT: Not all of them.

Mr. ROGERS: Not all of them, but the majority did; and it is under that enabling legislation that the Industrial Disputes Investigation Act has functioned with respect to provincial undertakings or public utilities operating wholly within the boundaries of one province.

Mr. CHURCH: This act is not as useful as it used to be in industrial cities. For example, three people came to me with regard to applications. There is concurrent jurisdiction, the Ontario government having a department that does almost similar work. That department uses the conciliation and labour office for the same purpose. Has there been any overlapping since last year or the year before? I thought there would be a good deal less work. I had some correspondence with the labour department, and they referred me to the labour and conciliation department of the province. I wonder if there has been any falling off in applications from, say Toronto.

Mr. ROGERS: I have not that information before me at the moment; but I would say that as a result of the setting up of conciliation services in the larger provinces, particularly in Ontario and Quebec, there has been a moderate reduction in the work done by the conciliation officers of the federal Department of Labour. There are quite obvious reasons for that change. In both Ontario and Quebec, within recent years boards have been set up to deal with the regulation of wages. That has established a much closer contact between provincial authorities and labour and industry in general. Not only that, but some of the disputes that occur are referable in part to decisions which have been given by fair wage boards in the provinces. In this connection I might refer to the fact

that disputes have recently occurred in Cornwall in the plant of Canadian Cottons, due in some part to a misunderstanding with respect to wage regulations which were put into effect by the wage and labour board of Ontario. The dominion Department of Labour enters a dispute at the invitation of the parties concerned. It is always ready to send a conciliator to deal with a dispute under those conditions; but where a dispute occurs in a province that has its own conciliation service, we do not as a rule intervene when the conciliator of the provincial department is dealing with the situation. I think the reasons are clear why it is not desirable that there should be intervention under such circumstances. We try to avoid duplication and conflict as between the services of the two departments. The chief interest of both departments is, of course, to settle disputes; the desideratum is cooperation between the departments involved.

Mr. BENNETT: One is a compellable jurisdiction and the other is not.

Mr. ROGERS: Yes.

Item agreed to.

Employment Offices Coordination Act—further amount required, $2,000.

Mr. MacNICOL: What cooperation is there between the minister's department and similar departments in the provinces?

Mr. ROGERS: This item calls for an additional expenditure in the administration of the act. The additional amount is explained by the further printed forms which were required for distribution to the various employment offices throughout the country. Under the act the dominion government, through the head office, supplies forms to all employment offices, and during the past year there has been an unusually heavy demand. There is not a dominion employment service distinct from the employment service that operates in the various provinces. The employment service of Canada is provided for under the Employment Offices Coordination Act, which provides for an annual grant of $150,000. This amount is paid to the various provinces to assist them in establishing or maintaining a coordinated system of employment offices across the dominion.

Mr. BENNETT: Following the judgment of the supreme court, they were provincial and we undertook to assist them.

Mr. ROGERS: The function has always been recognized as a provincial one; but after a number of employment offices were established in several provinces, it was decided that it would be of advantage to have the various services coordinated, and in 1918 this was brought about under the Employment Offices Coordination Act. From that time forward the dominion government has paid a grant in aid of $150,000, divided among the several provinces to assist them in maintaining employment offices. The dominion branch is a clearing house for information and assists in the transfer from one province to another of those seeking employment. It provides forms to all employment offices, so that one might say that the service is cooperative in character.

Item agreed to.

DEPARTMENT OF THE SECRETARY OF STATE

Public Printing and Stationery—codifying and printing 3,000 copies of the revised edition of the criminal code, 1927, English, $4,041.77.

Mr. MALLETTE (Translation): Is this item No. 453 for the reprinting of the code?

Hon. FERNAND RINFRET (Secretary of State): The criminal code is revised periodically. This amount is for printing 3,000 copies to be distributed in part in accordance with an order in council, the rest being sold to the public at $3 a copy. There is also a French edition, which was reprinted about a year or two ago.

Mr. BENNETT: What was paid for codifying the code, and to whom?

Mr. RINFRET: Three hundred dollars, to Mr. Ollivier, the law clerk of the House of Commons.

Item agreed to.

Miscellaneous—Patent Record, further amount required, $3,500.

Mr. RINFRET: Last year's vote was reduced by $4,800, and we find that we shall need $3,500 to complete the year. We cannot say in advance the number of drawings and applications that we shall have to print in the Patent Record. There will be still a saving of over $1,000?

Mr. STEVENS: Would the minister at some later date in the session make a statement as to the condition of the patent records? I am informed that the filing, classification and proper recording of patents are hopelessly in arrears. This may be due to lack of staff; it may be due to a huge number of applications for trivial matters scarcely to be classified as discoveries or inventions; but I am informed that the condition of the office records is such that officials have virtually thrown up their hands, and trust to the chance of the moment for the discovery of whatever is asked for. This is a serious matter, as there

may be occasions when bona fide inventions have been made and application for patent filed, and others discovering something of the same kind, or perhaps seeking to copy it, also are filing applications, with the result that the original applicant may lose his right because of the improper condition of the records. It may be unfair to ask the minister to answer at the moment, but he might get the information and give it to us at a later date on the main estimates.

Mr. RINFRET: I appreciate my hon. friend's action in not pressing his point now. I think we all desire to expedite these supplementary estimates. We are fully aware of some conditions to be improved in the patent office. We have for the last year or so divided the work of the patent office from that of trade-marks; only a few weeks ago by order in council the trade-marks branch was transferred under a separate official in order to obtain as far as possible the very end my hon. friend has just mentioned. I shall be pleased on another occasion to supplement this information by a full statement.

Item agreed to.

Adjustment of war claims—Department of the Secretary of State, $13,990.78.

Mr. STEWART: Would the minister give an outline of this item?

Mr. RINFRET: I may explain that this item represents, not the payment of war claims, but additional legal costs incurred to cover the extradition and prosecution of Freeman Hatfield in connection with the loss of the Gypsum Queen and also in the case of Rex v. Logan in the same connection.

Mr. BENNETT: How much money was recovered from Hatfield?

Mr. RINFRET: The amount that was recovered was $23,013.48, and I must say that the total litigation cost will far exceed that amount. The matter is not yet closed, because there is before the supreme court an appeal in which judgment has not been rendered.

Item agreed to.

DEPARTMENT OF MINES AND RESOURCES

Government of the Northwest Territories—

Expenses connected with the administration of the territories—further amount required, $15,000.

Mr. BENNETT: Would the minister give a short statement of how this amount is made up?

Hon. T. A. CRERAR (Minister of Mines and Resources): A year ago the vote for the Northwest Territories was underestimated, or rather there developed in the territories conditions that were not foreseen. About half of this vote is for relief purposes, to Indians, white residents and Eskimos in the territories, and the other half is for increased hospitalization costs for the Indians and other residents of that territory.

Mr. BENNETT: Will the minister give particulars of that when the main estimates are up?

Mr. CRERAR: Yes; I can do that.

Item agreed to.

Miscellaneous—To provide for payments in connection with movements of coal under conditions prescribed by the governor in council—further amount required, $275,000.

Mr. BENNETT: More tons of coal at the same rate?

Mr. CRERAR: Precisely. It was underestimated last year, or in other words there was a heavier movement than anticipated.

Item agreed to.

DEPARTMENT OF AGRICULTURE

Fruit—further amount required, $15,681.05.

Hon. J. G. GARDINER (Minister of Agriculture): Some hon. member asked for particulars regarding this vote when it was first brought up. The extra expenditure is made necessary, partly, because of movement of fruit this year to the western provinces as a result of the drought. There were extra expenses for inspection in connection with that movement.

An analysis of the fruit branch vote and the expenditures to date indicates that expenditures to the end of the fiscal year will exceed the amount provided in the vote by $15,681.05. The causes of the unexpected deficit are expenditures which could not be foreseen when the 1937-38 estimates were prepared. The estimated cost of inspection of fruits and vegetables purchased for drought relief accounts for part of it, and unavoidable expenditures which were not foreseen and provided for in 1937-38 estimates, for the other part.

In the cooperative arrangement with the bureau of economics, United States Department of Agriculture, it was arranged that there should be an interchange of inspectors for short periods of time so that our inspectors located at the principal markets might learn at first hand the United States interpreta-

tions of their grades and methods of inspection, and similarly United States inspectors might obtain knowledge of Canadian grades and inspection methods. As a part of this arrangement, senior inspectors McNiven and Jackson spent a period of time on the Boston and New York markets, at a cost of $285.25 to the department.

Cable, telegraph and telephone expenditures were higher than normal, as our collection of information regarding supplies and market trends for the use of the Department of National Revenue in its application of dumping duties was greatly increased over the year before. The appointment of an arbitration board to pass on complaints made by shippers, carriers or receivers under the licensing regulations provided for the appointment of outside members and the payment of any expenses incurred by them in attendance at meetings, and a daily stipend for all members other than government employees. It was estimated that these expnditures would approximate $500 for the current year.

These unforeseen expenditures, including estimated amounts, total $10,181.54.

Our experience this year indicates how difficult it is to estimate closely for our needs. For a number of years the fruit branch has been able to return a surplus to the treasury, and has consistently reduced its estimate, the 1937-38 vote being the lightest in a number of years. In 1937, crops were heavy, particularly apples, with the result that our inspection staff had to be maintained at strength for a period longer than usual. To indicate the increased amount of work, it might be pointed out that during the nine months ended December 31, 1937, 27,950 commercial inspections were made, as compared with 23,433 during the corresponding period of the previous year.

In order that we may meet our expenditures for the remainder of the fiscal year the additional amount of $15,681.05 is required. The total is made up as follows:

Drought relief project:		
758 carlot inspections of fruits and vegetables at one day per car; 758 days at $5 per day		$3,790 00
Additional expenses in connection with above based on average transportation and meal expenses per commercial inspection; 758 days at $1.50 per day		1,137 00
Communication expenses—head office:		
Telegrams	$410 24	
Telephones	162 27	
		572 51
		$5,499 51

In connection with the other extra inspection work the details are as follows:

Western Ontario		
1 Inspector, salary		$ 945 00
Expenses to December 31		394 26
2 Inspectors (highway inspection Gravenhurst) salaries		722 88
		$ 2,062 14
Eastern Ontario		
1 Inspector, salary		1,302 10
Expenses to December 31		761 46
Estimated January 1-March 31		100 00
1 Stenographer grade 1 appointment, August		438 00
		$ 2,601 56
Northern Ontario		
1 Inspector, salary		1,431 61
Expenses to December 31		699 98
Estimated January 1-March 31		300 00
		$ 2,431 59
Technical equipment, ordered in 1936-37, but not delivered in time to be paid out of that vote		1,051 00
Special grant for purchase of equipment to be used in research connected with maple syrup problem		750 00
Exchange of inspectors — arrangement with U.S. Department of Agriculture, McNiven & Jackson to Boston and New York		285 25
Cables, telegrams, telephones—		
Dump duties and export control regulations, estimated		500 00
Arbitration board—estimated expenditures		500 00
Total		$10,181 54

This amount, together with the amount for the special inspection of fruit purchased for western delivery, totals $15,681.05. I may say that the expenditure of $1,000,000 in connection with fruit and other supplies for Saskatchewan comes under another vote in these supplementaries, and can be better discussed under that item.

Mr. STIRLING: In the ordinary way the inspection fee is, of course, borne by either the producer or the shipper. Do I understand that in this case the government has taken over the whole cost of the inspection of these 793 cars?

Mr. GARDINER: The government took over the whole cost of purchasing these supplies for western Canada, and any charges in connection with that were paid out of departmental expenses.

Mr. MacNICOL: Were there any volunteers, any public spirited citizens who were willing to assist the country in its distress?

Mr. GARDINER: Speaking from memory, I believe there were between 1,000 and 1,200 carloads of commodities of all kinds shipped.

Mr. MacNICOL: I mean in connection with distribution.

Mr. GARDINER: Yes; much of the distribution was made in that way; that is, by volunteer assistance.

Mr. PERLEY: Would the minister explain just why, in connection with the distribution of this fruit in Saskatchewan, Doctor Stapleford was employed at such a high salary, according to the answer given last week?

Mr. GARDINER: He was paid, not under this item but under the vote of $1,000,000 which we shall come to later on.

Mr. PERLEY: I understand, then, that under the other item we shall have an opportunity of discussing the whole question.

Mr. GARDINER: Yes.

Item agreed to.

DEPARTMENT OF FINANCE

Miscellaneous—administration of the Old Age Pensions Act—further amount required, $10,000.

Hon. CHARLES A. DUNNING (Minister of Finance): This is to cover the expenses of medical inspection of blind applicants for pensions.

Item agreed to.

To provide for payment of honorarium to A. S. Whiteley, secretary to the royal commission on the textile industry, $1,000.

Mr. BENNETT: Why should he receive this?

Mr. LENNARD: Where was Mr. Whiteley otherwise employed?

Mr. DUNNING: I believe Mr. Whiteley is a clerk in the bureau of statistics, with a salary of $1,620 per annum. Apparently he has served on several occasions in connection with inquiries and was chosen by the commissioner for this service. The commissioner made a strong recommendation to the government that consideration should be given, in the manner which apparently has been followed on previous occasions when extra services of this kind were involved.

Mr. BENNETT: The minister must remember that he was given a per diem expense allowance.

Mr. DUNNING: Yes, for his actual expenses; he was given no additional remuneration. Everyone connected with the inquiry, on both sides, paid great tribute to Mr. Whiteley's availability at all times, without regard to civil service hours or anything of that sort. The government deemed it wise to ask the house to recognize such services.

Item agreed to.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

UNEMPLOYMENT RELIEF

MEASURE FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

Hon. NORMAN McL. ROGERS (Minister of Labour) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to bring in a measure to provide assistance towards the alleviation of unemployment and agricultural distress, and for such payments out of moneys appropriated by parliament as may be necessary for all or any of the purposes of the proposed legislation.

Motion agreed to and the house went into committee, Mr. Sanderson in the chair.

Mr. ROGERS: This resolution precedes the introduction of an annual bill for the relief of unemployment and agricultural distress. The bill when introduced will be similar, in general terms, to the Unemployment and Agricultural Assistance Act, 1937, which expires at the close of this month.

Under the terms of the legislation, and subject to the appropriations made by parliament for the purpose, provision is made first for the initiation and execution of works and undertakings by the dominion government, in order to relieve unemployment and agricultural distress and, second, for financial assistance to the provinces, under appropriate agreements, in order to assist them in their efforts to deal with unemployment needs and also the serious conditions which have arisen in certain sections of the prairie provinces because of prolonged drought.

I realize fully that it will be the desire of members of the house to discuss the unemployment question at some length before the Easter recess, and with this in mind, on second reading of the bill which will be introduced following the approval of the resolution, I intend to make a full statement on behalf of the government. We propose to move second reading of the bill on Monday. Meantime, it is intended to-morrow to table and distribute the final report of the national employment commission. That, again, seemed

to be a good reason why it was best that my statement should be deferred until hon. members had enjoyed full opportunity to read the report of the commission.

In these circumstances I feel I may fairly ask for the cooperation of the committee in expediting passage of this resolution in order that we may proceed on Monday with the second reading of the bill.

Mr. WOODSWORTH: This seems to be a strange procedure. I have no desire to delay the regular business of the house; but it seems to me that the report of the national employment commission should be in our hands before the resolution is placed before the committee and, further than that, that the time to make the full statement the minister promises is during the discussion of the resolution, and not afterwards. Members of the committee are at this time in a position intelligently to discuss the resolution.

This resolution and the bill which will be founded upon it deal with the most important matter which has come before the house this year. It would seem to me highly desirable that we take no step whatever until the fullest information is before the committee, and therefore I take this opportunity to protest against this procedure. I am afraid that members in this little corner will have to ask the minister to make his statement before he may expect us to pass the resolution.

Mr. STEWART: I suggest to the minister that on the introduction of the resolution it would be appropriate to make a comprehensive and complete statement of policy, and a review of conditions in connection with unemployment. To many hon. members the legislation coming down will be the most important of the session. Unemployment has been with us for at least seven years, and I believe that, as on second reading of a bill we are limited to a discussion of the principle involved, there should be a more complete and comprehensive statement than the minister has outlined, or has intimated he intends to make to-night.

The principle of the bill will be a provision for the relief of unemployment. I am sure no hon. member would disagree with such a principle. Therefore, perhaps our discussion on that occasion would be to some extent limited. I am sure the minister is in a position to-night to review the legislation adopted by parliament during the seven years to which I have referred, and no doubt he is in a position to outline in more or less detail what is proposed, and also to give us a fairly comprehensive statement of the work of the employment commission. That commission has been working for a year. Does it suggest anything new? Is there any radical departure from the principles and methods adopted in the past five years in dealing with this question? What objectives has the government in mind? Particularly, how do those objectives differ in principle, if they do differ, from those which have been adopted in years gone by? Are we to have a supplementary estimate covering unemployment relief, and all that sort of thing?

I believe that in justice to the committee the minister ought at this time to make a fairly comprehensive statement along the lines I have indicated. I do not think anything else will satisfy the committee, and I believe the passage and understanding of the bill would be promoted by the timely and complete statement which the minister, with his accurate knowledge of conditions, could make.

Mr. ROGERS: I am entirely in the hands of the committee. So far as the question of procedure is concerned, may I say to the hon. member for Winnipeg North Centre that in submitting the resolution in this manner I am following the practice established in two previous years. I am quite sure I am correct when I state that in each of those years the committee accepted the resolutions after brief discussion, and our debates on unemployment took place on second readings, and during the committee stages of the bills. I say that only to assure the hon. member that there is no desire on my part to deviate from well established practice in this regard.

On the other hand I fully realize—and it has again been brought to my attention by those who have just spoken—that it is most desirable that there should be at this time a full and comprehensive statement on unemployment conditions. It was and still is my intention to make such a statement. On the other hand, I did feel, and still feel, that if that discussion is to be profitable, it is desirable that it take place after, and not before the report of the national employment commission has been tabled and distributed. Under these conditions and with the desire to meet the wishes of the committee as fully as possible, I would suggest that the resolution remain in committee. I shall make my statement after the report of the national employment commission has been tabled to-morrow; that is, in accordance with my original arrangement, I shall make it on Monday of next week. If this meets with the approval of those who have just spoken, I shall move

that the committee rise, report progress and ask leave to sit again.

Progress reported.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

To provide for feed and fodder relief in the dried-out areas — further amount required, $1,000,000.

Hon. J. G. GARDINER (Minister of Agriculture): I might suggest to the members of the committee that items 462 and 463 are for exactly the same purposes as items 469 and 470. All the discussion with regard to detail could take place under the other items, if that meets with the approval of the committee. The amounts provided for by items 462 and 463 have been found to be necessary since parliament opened. These were not provided for by warrant, but they are to be used for exactly the same purpose as those amounts provided by warrant and to be found on the back page of the supplementary estimates.

Mr. PERLEY: Does the minister mean that discussion can take place under items 469, 470 and 471?

Mr. MACKENZIE KING: That is right.

Item agreed to.

Governor General's Warrants, 1937-38—

To provide for the purchase and distribution of feed and fodder for live stock in the drought areas, and in rural municipalities and local improvement districts not included in the drought areas, of Saskatchewan and Alberta; for freight charges and for the cost of moving equipment used in providing feed requirements; also expenses of marketing cattle in the drought areas (Governor General's warrants of August 6, and October 29, 1937, and January 19, 1938), $13,750,000.

Mr. COLDWELL: What supervision is given by the federal Department of Agriculture? I have had some complaints as to the quality of feed grain which has been distributed in some parts of Saskatchewan. I wrote to the minister this morning giving the details of one of these complaints, but of course he will not yet have received my communication. My information is that some of the grain shipped in was in such condition that the farmers hesitated to feed it to their hogs. I was wondering if the federal department is giving any supervision to the purchase and distribution of this grain or whether this work is being left to the local authorities. I should like to know whether complaints of this nature should come to the minister here or be sent to the Saskatchewan Department of Agriculture.

Mr. GARDINER: In connection with feed and fodder, the federal government provides the funds to pay the accounts, while the provincial government makes the purchases. The federal government has a staff of approximately thirty to forty which checks the grain and fodder for the purposes of grading. Most of the fodder is graded where it is purchased, some of it being graded on the farm where it is located. The grain is graded at certain points through which the cars pass when it is not possible to grade it where it is purchased. This grading occurs at points like Moose Jaw and Calgary. It may happen that the grain was threshed under conditions which were not too good. There was considerable rain in Alberta during the threshing season, and also in Manitoba during the latter part of the season. Of course, grain that was loaded into cars in a damp condition might arrive at destination not in too good shape. If we consider the quantity that has been handled, there has been very little reported to us as having been in poor condition.

Two or three weeks ago I received from southern Alberta a sample which I would have condemned. I did not know all the circumstances, so I sent it back to have them checked up. I do not think any inspector should have passed this grain. Occasionally cars or parts of cars get by the inspection, but one must understand that the ordinary channels of trade for grain in western Canada are east and west. Grain moves to Winnipeg or Vancouver. When you start moving grain across the regular channels of trade, that is from the north of the province to the south, you must set up an organization for checking and grading purposes. All grading organizations are now located at Winnipeg or at the other end, and it has been found necessary to set up more or less temporary organizations. It is extremely difficult to make a proper check as would be the case if the grain moved in the regular channels.

Mr. PELLETIER: I notice that this item refers to relief outside the drought area, and I should like to have a break-down of the figure. How much money was spent in Saskatchewan and in Alberta?

Mr. GARDINER: It would be difficult to give the exact amounts spent to date. The nearest I can get to that is to give the amounts which were provided. We entered into agreements with Alberta and Saskatchewan providing for maximum sums of money

that the federal government would supply for feed and fodder for relief purposes in certain areas. In the case of Saskatchewan, up to August 6, there had been provided $200,000 in one amount and $2,700,000 in another. Those are the amounts covered by the agreement, not what was spent to that date. Then in October, for feed and fodder in the federal area in Saskatchewan, there was provided $5,000,000, and $1,000,000 for the area outside what has been termed the federal area.

Mr. PELLETIER: I should like to know the amount of money spent outside the drought area.

Mr. GARDINER: I shall give all the figures and perhaps the hon. member can separate them. This may save repeating them later on: For feed and fodder in the federal area, $5,000,000; for feed and fodder outside the federal area, $1,000,000. For feed and fodder in the federal area in Alberta, up to the same date, the amount was $750,000. For feed and fodder, on the same date, outside the federal area, the amount was $100,000. On January 19, 1938, inside the federal area in Saskatchewan, the amount was $1,000,000. Those are the total amounts up to the vote of $1,000,000, under item 462, for feed and fodder, which we put through a few moments ago, and which has to be added. The other vote that we put through was for direct relief, which may be spent partly in Alberta and partly in Saskatchewan.

Mr. PELLETIER: From the minister's figures it would appear that outside the drought area in Saskatchewan not much more than $5,000,000 has been spent, and yet there is a vote of $13,750,000. There seems to be a discrepancy somewhere, or the total amount has not been expended.

Mr. GARDINER: There is still $3,000,000 not accounted for by feed and fodder. That s in the cattle vote. I understood the request was for the feed and fodder figures.

Mr. QUELCH: Certain farmers who did not cut down their stock were not eligible for the grant, I understand, and loans were made this spring or during the winter. Would they be included in this estimate?

Mr. GARDINER: No; the loans are not included in this estimate. These are the warrants for the amounts that were advanced by this government.

Mr. QUELCH: What items do the loans come under?

Mr. ROWE (Dufferin-Simcoe): The hon. member has mentioned an amount of $13,750,000 for local improvements not included in the drought area. What do the expenditures outside the drought area consist of?

Mr. GARDINER: The term "in and outside the drought area" is really a misnomer, as I was going to explain. One year ago in handling this matter, the plan followed was to some extent different from that followed this year. A year ago we took, on the first of September, a certain number of municipalities and accepted responsibility for them right through to March 31. We found by experience a year ago that it was extremely difficult to get decisions in the middle of the season. The provincial government would get an application from a municipality to be admitted to the area, and the province in turn would make application to us, and by the time the matter had been considered by three different authorities perhaps a month had gone by, while in the meantime people were having great difficulty. So this year we adopted a different system. We accepted at the first of September responsibility for all the municipalities that were admitted to the federal area. The federal government agreed with the provincial governments to take responsibility for 170 in Saskatchewan and fifty-three in Alberta from September 1 to March 31. We have accustomed ourselves during the winter to call that area the drought area. But outside and around the fringe of that area there are in Saskatchewan at least ninety municipalities, and in Alberta at least ten municipalities, which are in almost as bad conditions as the others. They are really drought area too; but probably it would not have been necessary to bring them in, if we had been dealing with the matter here, until the first of October in some instances, and the first of November, or the first of December, in others. They could have taken care of themselves to that time. So we said to the provincial governments that we would advance a certain cash amount to be used in those areas. In Saskatchewan the amount was $1,000,000, and in Alberta, $100,000.

The amount of $100,000 for Alberta was not our suggestion. We proposed $200,000 for Alberta, but the provincial government proposed an adjustment in the number of municipalities to be taken in and agreed to take half the amount of money for the outside area provided we made an adjustment. So we took in eleven municipalities that we would have preferred to leave outside the area for which we assumed full responsibility.

These amounts were set aside to assist in taking care of these people outside the area for which we took 100 per cent responsibility.

The provinces were administering the distribution of feed and fodder for the whole area, both the area for which we paid the entire cost and the area in which we gave assistance. So the set-up inside and outside is much the same, and the methods of administration the same; also any regulations governing persons who were obtaining assistance in the form of either direct relief or feed and fodder were intended to be the same. We made inspections to satisfy ourselves that the administration was the same inside and outside the area, once a community had been admitted in under relief.

Mr. PELLETIER: I understand from the minister's explanation that owing to the type of supervision exercised, it is impossible to determine what amount has been spent in Saskatchewan and what in Alberta; that it is impossible to segregate the expenditures.

Mr. GARDINER: It is not impossible at all. As a matter of fact, when the accounts are completed there will be an exact division as between the two. There is no connection at all between the moneys spent in the two provinces. The Alberta government spent all the money provided for that province, and the Saskatchewan government spent all the money provided for that province. We are not spending that money; it is the provincial governments who are spending it through their own organizations. All we are doing is to make a certain check to see that the money is expended in what we think is the proper way and in accordance with the proper regulations.

Mr. QUELCH: The minister said that certain adjustments were made when Alberta agreed to ask for $100,000 instead of $200,000. What were those adjustments?

Mr. GARDINER: The adjustment was this: There were a number of municipalities north and west of Hanna, in the area between Hanna and Edmonton, in the vicinity of Coronation, which the provincial government desired to have admitted to the area. We had selected forty-two other municipalities that we thought, according to our investigation, should come in; but the province asked to have about twenty others around the fringe of the area taken in, and we increased the number from forty-two to fifty-three; that is, we took in eleven more. These municipalities were mostly in the vicinity of Coronation and down towards Drumheller.

Mr. PELLETIER: So it was because some additional municipalities were included in the drought area that it was not necessary for Alberta to ask for an increased grant?

Mr. GARDINER: It was not a matter of an increased grant. The amount we originally suggested which they should have for the outside area was $200,000. They said they would prefer $100,000 for the outside area and for us to take in eleven additional municipalities for which the federal government would assume entire responsibility.

Mr. PELLETIER: Does any part of these moneys consist of loans to the provinces to be repaid to the federal government?

Mr. GARDINER: No; they are grants to the provinces and are not repayable.

Mr. PERLEY: I regret that we have not had an opportunity earlier in the session of discussing this question of relief in Saskatchewan, particularly the distribution of feed and fodder. The minister will remember that in the debate on the address I brought to the attention of the government the critical situation in that province with respect to feed and fodder, and at that time I also drew his attention to the fact that early last fall I had taken this matter up with both the provincial Department of Agriculture and the federal Department of Agriculture here in Ottawa.

The minister will remember that, speaking on the address himself, he stated that he was more concerned about taking care of the situation in March than he was in having feed there in the fall months. In the last three weeks I have been receiving protests and certain information from Saskatchewan indicating quite a critical situation with regard to feed and fodder and grain to take care of the spring work. To-day I received a letter from a farmer in the Indian Head district suggesting that it is almost imperative for the government to see to it that the farmers are provided with tractors and tiller combines to get the crop in, because the horse power is very low. The horses returning from the feeding pastures in Manitoba are in no condition to tackle the spring work. I suggest that the minister give us a detailed statement regarding the quantity of feed and fodder supplied each month, starting with September, to the drought area and semi-drought area in Saskatchewan. We should also have a statement regarding the quantities obtained in Manitoba, Alberta, and the states of Minnesota and North Dakota.

The minister referred to-night to the inspection that has been made of the feed and fodder shipped in. As he said, some of it was not in very good condition. Of course, in Manitoba particularly, from which a good deal of it came, the season was such as to

make it difficult to turn it out in proper condition. If we consider the time it was cut and the delay in baling, the weather was such that some of it was damp. I saw some carloads that were shipped in before I left home and they were in poor condition. As the hon. member for Rosetown-Biggar has said, the fodder was not fit to feed to animals that were expected to show any improvement. It was not fit for dairy cattle or for work horses. The minister has referred to the men inspecting the feed and fodder, for a list of whom I asked some time ago. I am referring to the inspectors whom he mentioned in his speech on the address—some forty-five of them. A return was brought down last week giving the names of some twenty, and I think he should give us the information with regard to the others. These are the men who are doing inspection work in connection with the distribution of relief.

Mr. GARDINER: I might deal with that point now. In my speech on the address I said that at the peak we would not have more than forty-five, and I found in answering the question that, as a matter of fact, we have never had more than thirty-five. At the time the question was asked there were twenty-nine, as the return shows.

Mr. PERLEY: This return shows twenty-eight.

Mr. GARDINER: Yes, twenty-eight.

Mr. PERLEY: After receiving that return I asked a question with reference to one of these men in particular, the man at Broadview.

Mr. GARDINER: Agnew.

Mr. PERLEY: Yes. Let me read from the return:

Was A. S. Agnew of Broadview, Saskatchewan, employed in the purchasing of feed and fodder in Manitoba or Minnesota for the province of Saskatchewan?

The answer was that he was employed as a feed grader and used in Minnesota and North Dakota.

Mr. GARDINER: Not in connection with purchase, but as a feed grader.

Mr. PERLEY: Yes. The return goes on.

Employed from October 19, 1937, to February 21, 1938. $125 per month plus actual travelling expenses as follows: October, $137.59; November, $303.52; December, $278.68; January, $205.97; February incomplete.

That man in four months drew some $1,400 by way of salary and expenses.

Mr. GARDINER: He does not draw expenses.

Mr. PERLEY: His expenses were paid.

Mr. GARDINER: The government paid his expenses.

Mr. PERLEY: Yes, and that means that by way of salary and expenses he has cost the country $1,400 in four months. I call that an outrage. There are all sorts of good men available to do such work at a far smaller cost to the country. Would the minister give us the number of other inspectors engaged in similar work. I suggest that he take this list and set out what each one of the inspectors has done, how many were employed in the purchase of feed and fodder, and so on. I understood that there were one or two in Regina, but I do not see their names in the return. They had a commission, I understand, to go to Minnesota to secure feed and fodder, and I suggest that we should have a statement in that regard. Furthermore, the minister should give us a statement with regard to the number of cattle shipped out; the number shipped to different markets; the number shipped to the feeding ground; the number of horses shipped to the feeding ground and the number of those that have been returned. Were there any veterinarians employed in Manitoba to attend to the horses at the feeding grounds in Carberry? We should have all that information. The minister should tell us who these men are and give us their salaries.

I trust that the minister will not treat this request lightly.

He said the other evening that some of the matters I have mentioned were of no concern to this government; that they were of concern only to the Saskatchewan government. May I emphasize the gravity of the situation and the necessity for full information. It is regrettable that such information as we are asking for is forthcoming so late in the season. Early in February I asked for a return, which I suppose may be discussed under item 471, with respect to all commodities distributed in Saskatchewan for relief purposes, and only this evening has the minister been kind enough to hand me a volume containing the information. It covers from twelve to fifteen large pages, and no doubt we shall be asked to accept this document and pass upon it to-night. I must protest against this. The return was ordered on February 23 and I have just been handed it to-night. If the minister thinks we can go through this return hurriedly with regard to quantities of fish, beans and so on, the places of purchase and distribution; if he thinks it is fair to hand such information to us and ask us to consider it intelligently on the spur

of the moment, I do not think he will find anyone to agree with him. I suggest that at least the matter should stand until we have had an opportunity to study this return carefully and to ask for any necessary information in connection with it.

I should like to have a statement with regard to the amount of feed supplied each month from Manitoba and the United States, and the minister might tell us something about the pools' offer in connection with the distribution of it. A good deal of money could have been saved in that direction, and I think it important that we should have a statement. We shall ask for certain other information as we go along this evening.

Mr. GARDINER: As to the remarks concerning the return, I saw it for the first time after leaving the house this afternoon. It was placed on my desk to be brought down tomorrow, and I brought it with me to-night and gave it to the hon. member so that he would have it. In fact, he had it within a few minutes after I received it myself. So if there is any information with which he is not familiar, neither am I familiar with it.

Mr. PERLEY: Just there may I say that the order for this return was passed on February 23. It had stood for quite a while owing to the fact that the minister was out west, I am not saying on what business. One of the ministers asked that it stand until he returned; we allowed it to stand, and as soon as the minister got back it was passed. That was on February 23.

Mr. GARDINER: For much of this information we have to send to Regina. The inquiry had to do with work that was done partly in Regina; all the distribution was done there, and so the return could not be completed here.

In regard to the discussion generally, this is not the last opportunity that will be afforded this session of discussing all these matters. Before the session ends, we shall have to put through estimates having to do with supplies for similar activities, and full discussion can then be had of all these matters.

I can give the committee some of the information, although practically everything that has been asked for involves obtaining information from Regina or Edmonton; it is not information that we would have here in detail at any time unless we sent there for it. It has to do with administration of affairs by the provincial governments. We are concerned largely with two things: First, seeing that the accounts are properly audited, making sure that the money is spent for the purpose for which it was voted, and, second, checking the activities to see that in the distribution of feed and fodder and direct relief proper service is being given to the area for which the money is being spent. Outside that we do not go fully into the detail. We receive from time to time returns showing what is being done; but to give the information in all the detail asked for by the hon. member would, I think, be impossible unless he is prepared to wait another two or three months while we get the information. I can, however, give in general terms the division, the amounts of money involved and the tons of fodder. The last summary I have is down to February 7.

On February 7 commitments in Saskatchewan were for 7,816,288 bushels of feed grain, of a value of $5,636,230.38. Amount under commitment at that time: Requirements, 6,944,872 bushels; estimated for cash sale, 346,620 bushels; commitments, 7,816,288 bushels; leaving commitments in excess of requirements, 524,796 bushels. That is a complete statement for the federal area of the drought section of Saskatchewan as far as bushelage is concerned.

In the marginal area, that is the area which is outside what some people call the drought area but which is still in the drought area, the requirements are 2,403,462 bushels; estimated for cash sales—that is bushelage which is sold to people who pay for it—91,603 bushels; commitments, 2,206,738 bushels, leaving requirements in excess of commitments, 288,327 bushels of feed grain.

The commitments for fodder in the federal area to February 7 were 269,000 tons; requirements, 301,000 tons as estimated at that time, leaving 32,000 tons requirement over commitments. The commitments there mean the amounts for which municipalities have asked and which the government has agreed to supply.

In the marginal area commitments are 50,000 tons and requirements 58,000 tons, leaving 8,000 tons of requirements in excess of commitments to that time.

That is as near as I can get to the detail in regard to feed and fodder in Saskatchewan during that period.

So far as the two provinces are concerned, there is a difference in the amounts of money supplied, but there is also a difference in the number of people and the area involved. In Saskatchewan there are 438,000 people on direct relief. In Alberta there are 64,420 people on relief. In dealing with those figures, one must remember that there are many people who are getting feed and fodder for live stock who are not getting direct relief

To give them feed and fodder for their live stock is one of the means of keeping them off direct relief. So there will be an even wider difference in the figures for feed and fodder than in those for relief. A careful check of what is going on over the drought area indicates that there is somewhere between eight and ten times as much area, and between eight and ten times as many people involved in Saskatchewan as in Alberta. If hon. members follow these figures through carefully, they will see that there is just about the same proportion in the amount of money being expended in the respective areas in order to take care of people and live stock there.

In regard to such matters as shortage of power with which to put in the crop and other such complaints, I can only repeat what I said the other evening; it is strange that I should not be getting those complaints. The farmers' organization in Saskatchewan some months ago circularized all its locals, according to the letter they sent to me, asking them to make complaints if there was any cause of complaint, and not very long after that the bulk of the complaints ceased to come. I have not received any considerable number of complaints recently, and since in that area there are in the neighbourhood of 500,000 people involved, I consider it strange that there are not more complaints if there is so much dissatisfaction. But when complaints are received, I do this with them: I write back to the individual who makes the complaint and indicate that the administration is being carried on by the provincial government; that he will get quicker action on his complaint if he writes to Regina or Edmonton than he will by writing Ottawa; but that in the meantime I am sending his complaint on to the officials in Regina or Edmonton and asking them to deal with it as soon as possible. Possibly if hon. members would do the same, we would at least get the assistance to those requiring it at the earliest possible date, if they are not being properly treated now.

Mr. PERLEY: I hope the minister does not think I am trying to exaggerate when I say that we are getting plenty of complaints. I have under my hand at the moment fifty or sixty letters of complaint, and just to-day I received from the secretary of a municipality a letter in which he said they had been informed by the department at Regina that they would not get half of what was required in the way of feed for this spring. That is not one of the 100 per cent areas, of course, but I believe in many instances the situation is just as bad in the 100 per cent districts. So I am not exaggerating at all. If I wanted to do so, I could produce at least fifty complaints of recent date.

Mr. GARDINER: Probably I could produce as many, more or less eulogizing this government and the provincial governments for the efficient way in which this work is being done; but I doubt very much if fifty letters from five hundred thousand people would prove anything one way or the other. An effort is being made by all the authorities, working cooperatively so far as possible, to have this particular job done. I can understand that members might at this time be receiving complaints from people who are a little anxious. The end of our financial year is March 31, and there has to be a cut-off somewhere in the payments that are being made by this government. Arrangements are being entered into as to those cut-off dates. That cut-off is the period between seeding activities and winter feed and fodder activities, and for that reason some people are wondering whether they are going to get sufficient feed and fodder to carry them through the seeding season.

The plans are that the feed and fodder in their possession now will be sufficient to carry them until about the middle of April, although the cut-off is at the end of March so far as the purchase and shipment of feed and fodder are concerned. An effort is being made to start the feed and fodder for seeding purposes moving immediately following April 1, in order to have it in the hands of the people by the time the other feed has been used up, and I think it will be found that there will be as little difficulty in connection with seeding operations as there has been in connection with winter operations. I do not want to leave the impression that everyone will be perfectly satisfied, but everything will be done to see that the work is carried on as efficiently as possible.

Mr. PERLEY: Is the required amount of feed and fodder in sight? Is the government pretty well assured that it will be available?

Mr. GARDINER: I read the figures a few moments ago. I do not know how much they mean to the committee, but they mean a great deal to those who have been finding feed and fodder. According to these figures, between 350,000 and 360,000 tons of fodder have been obtained and shipped into that area from elsewhere. That is a great deal of fodder. We have never required in any previous year to ship more than 260,000 tons; I believe that was the greatest amount ever shipped into that area, and even in years when fodder was available right in the province, when practically all of it could have

been found within Saskatchewan for shipment to other parts of the province, it was very difficult to make arrangements to have that done in a way which would be satisfactory to everyone. This year scarcely any fodder was to be obtained anywhere in the province. It was necessary to go to Manitoba in the early part of the season in order to get fodder. Later on, it was necessary to go to Alberta, and I may say that in the early part of the season it was found very difficult to purchase fodder in Alberta because the authorities in that province wanted to make sure of their own supplies first. When eventually it was possible to purchase fodder in Alberta, and after everything possible had been done in those two provinces, they still were unable to get a sufficient supply. The next place they went was the state of Minnesota. Arrangements were made to get supplies, largely of hay, there. The only reason they went to Minnesota was because at that time the freight on hay from the province of Ontario to Regina was $18 a ton. Anyone knows that you cannot feed any animal a ton and a half to two tons of hay when the freight alone, apart altogether from the purchase price of the hay, is $18 a ton.

The first move made by the government of Saskatchewan was to go into the border states of the United States, where the freight rates would be low, buy hay and ship it into that area. But even after they had purchased all that they secured in those states at reasonable prices, they did not have sufficient. Then we brought further influence or pressure to bear on the railway companies in order to get the rates on feed from eastern Canada reduced. It was finally agreed to set a freight rate of $10 a ton on hay from anywhere west of Montreal to the drought area of Saskatchewan, and $10.50 from east of Montreal as far as Three Rivers. A similar arrangement was made in regard to British Columbia.

Mr. BARBER: What was the rate from British Columbia?

Mr. GARDINER: It was $10.50 from east of Montreal and $10 from west of Montreal.

Mr. BARBER: What was the special rate that was arranged from British Columbia?

Mr. GARDINER: There was a similar rate from British Columbia. So far as Saskatchewan was concerned the regulation was that they could not accept hay at a laid down cost in that province of more than $18 a ton, and under the special rate from British Columbia they were able to lay down hay for less than $18 a ton. They were also able to get hay from the eastern part of Canada, under those special rates, for less than that laid down price.

Mr. BARBER: I understood that the laid down price from British Columbia was $16 a ton; from Ontario, $17.50, and so on. Is that correct?

Mr. GARDINER: In that case I would say probably there was a difference of $1 or $1.50 in the freight rate from British Columbia as compared with the freight rate from eastern points. The only part we took in these negotiations was to assist the provincial government in getting special freight rates. They carried on all the other activities in connection with the matter. That was the case in regard to Saskatchewan. Alberta did not purchase outside the province.

Mr. SENN: What was the laid down price of hay and fodder coming in from the United States?

Mr. GARDINER: I could not give my hon. friend the exact figure; but it was considerably under that, probably in the neighbourhood of $15 a ton. It may have been as low as $14 from certain points in the United States, but I imagine the average would be somewhere around $15.

Mr. PERLEY: What was the average price paid in Manitoba?

Mr. GARDINER: The top prices that could be paid were set out in the agreement. The price for hay in Manitoba was $8.50 a ton; that was the top price which could be paid in western Canada for No. 1 hay, and then it was graded down to $6.50 a ton. The average price there would be somewhere between those two figures.

Mr. PERLEY: How much was purchased in the United States?

Mr. GARDINER: I have not the exact figures, but they would be somewhere between 75,000 and 100,000 tons.

Mr. TUSTIN: What was the price paid for hay purchased in the United States ?

Mr. GARDINER: The price there was governed by exactly the same regulations that governed the price in Manitoba and Alberta. It could not be more than $8.50 per ton. It was under that price.

There is one further remark I should like to make. The hon. member for Qu'Appelle tonight made the statement he made previously in his speech on the address in reply, to the effect that some men had been paid commissions to buy hay in Minnesota. I believe at that time I told the house my information

was that no commissions were paid for purchasing hay in Minnesota; that the hay was bought in Minnesota at prices which were indicated in the agreements and sent up, and that no one in western Canada obtained a commission in connection with it. Some of it may have been purchased from agents in the state of Minnesota who had bought hay from farmers and who had it for sale, just as was done in Ontario and Quebec. The agents who had hay and straw sold that to the government of Saskatchewan. As to whether or not they made a commission, I do not know; I assume they made a profit. It is possible that men in Minnesota made a profit on hay purchased from farmers and resold to the government. But according to my information there was no commission agent acting for the government of Saskatchewan.

Mr. PERLEY: There was a great deal of hay purchased, though, was there not, from agents who had gone down to Minnesota from Saskatchewan, and who had accumulated quantities of hay there.

Mr. GARDINER: Not to my knowledge. There were men who went to Manitoba and Alberta, I assume—although personally I do not know of any who went there—and there probably were men who went to Minnesota and bought hay to ship to Saskatchewan. Some of that hay has been delivered to the municipalities, and the municipalities have sold it. As a matter of fact, I am buying hay this week, to put in my own crop, from a municipality which imported it from somewhere. I do not know from where it was imported. But I pay for the hay whatever it costs the municipality, plus freight and all other charges added. That has been done by municipal organizations throughout Saskatchewan, as a matter of convenience for the people in the municipalities.

There are no hay dealers in Saskatchewan, because we do not deal in hay. As a matter of fact, in the part of Saskatchewan from which I come we never feed hay. We have not done so in any year. But in a year like this, when we have to ship something in to feed our stock, it pays us better to ship in hay than to ship in straw or oat sheaves. There are no agents there to sell hay. There has to be an organization to do this, and the municipal organization is the one which is most convenient.

Someone may go to Minnesota or Manitoba, buy hay, and ship it in to the order of the municipality, and the municipality in turn may sell it.

[Mr. Gardiner.]

Mr. PERLEY: How many checkers were employed in grading the hay? I assume there were checkers employed in checking provincial government accounts. How many checkers were there in Regina checking the accounts for the federal government?

Mr. GARDINER: The comptroller of the treasury has full control over the checking of accounts, and he has placed a few men at each capital. I have not the number in my mind at the moment, but I know it is a very small number, not more than half a dozen, and probably only three or four.

Mr. DUNNING: He puts men there as required.

Mr. GARDINER: Yes; he puts them there as required. At certain times there may be more than at others. So far as inspectors are concerned, may I say the hon. member has the list; at least he had it a few moments ago and was reading from it. It must be on his desk in front of him. I have not the list before me, but I do not think it would be of any use to read it. It means something to the hon. member for Qu'Appelle, and it means something to me, because we know some of the individuals.

Mr. PERLEY: That is fine, if the minister is willing to admit that the list I have is one of government inspectors.

Mr. GARDINER: That is what the list the hon. member has says.

Mr. PERLEY: And that they draw similar salaries. The information shows a salary of $125 a month, and expenses in some months running as high as $300.

Mr. GARDINER: I would say quite freely that the men on the list the hon. member has are all getting $125 a month, and they are all away from their homes. I think, if he will read the list, he will find they are nearly all farmers, and I think are all out of the drought area.

Mr. DONNELLY: And all doing a good job.

Mr. GARDINER: Yes, all doing a good job. They all know hay when they see it; they all know grain when they see it, and they are grading fodder. So far as their expense accounts are concerned, this is made up of a charge of seven cents a mile and living expenses while driving around the country, locating farms where hay is available, and grading it. They must locate grain and grade it, so that when it leaves the point

from which it is to be shipped it may be known to be in proper shape. Then, we have other men at the other end who are checking to see that it arrives in proper shape.

Mr. ROWE (Dufferin-Simcoe): Do they also locate where it is required?

Mr. GARDINER: No; the provincial people locate the hay in the first instance. They locate it, and notify us that they have ordered a certain amount of it at a certain place, and we send a man there to grade and check it.

Mr. ROWE (Dufferin-Simcoe): Is it the provincial government which receives the application for relief, in that regard?

Mr. GARDINER: The municipality receives the application for relief, and passes it on, through a committee of council, on which a representative of the province sits. Those applications are then submitted to the provincial governments. We never receive the individual applications here.

Mr. ROWE (Dufferin-Simcoe): I appreciate the problem which must be involved in distributing upwards of $27,000,000 or $28,000,000 of relief, through governor general's warrants, as outlined in these various items. I believe that, despite our sympathies with the provinces of Saskatchewan and Alberta, all hon. members must agree that these are enormous amounts of money, and it seems peculiar that we should have items such as these, providing for "the purchase and distribution of feed and fodder for live stock in the drought areas, and in rural municipalities and local improvement districts not included in the drought areas, of Saskatchewan and Alberta; for freight charges and for the cost of moving equipment used in providing feed requirements; also expenses of marketing cattle in drought areas," and then, right below that, the item to provide for "direct relief expenditures," together with the items we have passed to provide for feed and fodder relief in the dried-out areas, and the further item to provide for direct relief in the dried-out areas.

That seems like a lot of items involving expenditures for the same purpose. What are the freight charges, and what is meant by "the cost of moving equipment used in providing feed requirements"? It seems to me that these items make it possible to provide relief or assistance in districts which are not in the drought area, and to provide money for the marketing of cattle and for the payment of freight—in fact for anything which may be wanted in that one province of Saskatchewan, whether or not the particular district is in the drought area. I do not wish in any way to minimize the problem or the great crisis Saskatchewan has endured, but this seems to be an enormous amount of money. Very wide latitude is also given to the government to make expenditures in connection with those who are in drought areas, and others who are not.

Mr. GARDINER: I believe there is some confusion in the terms "in the drought area" and "out of the drought area." The meaning is exactly as I explained at the beginning of the discussion. What is known as the area "inside the drought area" is what came in after the first of September, and continued right through the year, and in connection with which the federal government pays the whole bill. But immediately outside that area there is another which is just as much in need of assistance as the area inside the line. We took 170 municipalities, and there are ninety municipalities immediately outside which are in almost as bad condition as the 170. Those are the meanings of "inside" and "outside."

Mr. ROWE (Dufferin-Simcoe): There are similar areas in other parts of the dominion.

Mr. GARDINER: But not as compared with these. I do not think there are similar areas anywhere. I find from the information before me that in that area the bushelage is about two bushels to the acre, and a considerable part of the area of which I am speaking is immediately outside.

The other point had to do with moving the equipment necessary to provide the fodder requirements. Some of the municipalities maintained that they could send equipment to Manitoba, for instance, and put up this feed or fodder much cheaper than it could be bought anywhere else. This equipment would consist of balers and mowing equipment. We were asked to have the equipment sent down, and residents of the municipality were employed to go down with it to put up the fodder in the adjoining province or elsewhere within Saskatchewan. That fodder cost the government just the cost to the municipality of putting it up.

There are instances where this was the only way in which one could get fodder put up in a locality. During the harvest season all the farmers would be engaged in harvesting, and it was necessary to send men down from the locality where the hay was needed. It was also necessary to send down equipment as there would be localities where there was no equipment available. The province has a considerable number of balers. The idea was to ship down some of this government equipment along with the necessary

labour, put up the hay and ship it back to where it was needed to feed live stock during the winter. In these cases the government undertook to pay the freight on the balers and other equipment, and on the hay that was sent back.

Mr. ROWE (Dufferin-Simcoe): What is covered by expenses in marketing cattle? If the government pays relief to the farmer and provides feed and fodder for what cattle are left, what would be meant by expenses in marketing their cattle?

Mr. GARDINER: That is probably a long story, but that matter is covered by this item. There is $3,000,000 in this item that is not an expenditure; it is included in the first item of $13,750,000. In order to handle the cattle that were moved by the voluntary marketing set-up, it was necessary to have a revolving fund, which was provided by means of a warrant. Three million dollars of this money cover that fund. Probably I should give some information to the committee with regard to the plan followed.

Mr. ROWE (Dufferin-Simcoe): How many were shipped in 1937?

Mr. GARDINER: I shall give that in a moment. In previous years we have had some difficulty in securing feed and fodder, but it was obvious to everyone at the beginning of the season this year that there was not sufficient feed and fodder in western Canada to feed the live stock that was there. I said during the debate on the address that we made arrangements for 70,000 farmers to keep about 280,000 head of cattle. A total of 280,000 head of cattle consuming a ton and a half per head means a considerable amount of fodder. This is covered by the figures I gave a few moments ago. We made provision also for the farmers in the same area to keep an average of nine horses each. Nine horses each for 70,000 farmers mean 630,000 horses. When you start to feed that many horses at the rate of a ton and a half to two tons of hay, you must have a considerable amount of fodder.

It will be realized that the amount of feed and fodder which we shipped in was not nearly enough to keep that live stock through the whole winter. Much of this fodder had to be got together by the farmers and a good deal was of a very poor quality. At the beginning of the season there were approximately 600,000 head of cattle in that area. We said that the farmers could not expect the government to take care of more than 280,000 head, and we hoped the people would get rid of the difference between that number and 600,000. Everyone realized that that was quite a task with the ordinary facilities for marketing live stock, particularly when much of the live stock was not fitted for market. It was an impossibility to get rid of that much live stock without the farmers having to take a great loss while it was being done. So we decided to assist the farmers in the marketing of their surplus live stock.

Within a week of the time that we were convinced that fodder could not be obtained, we set up an organization. I am not going to maintain that no mistakes were made in setting up an organization to handle in the neighbourhood of 100,000 head of cattle. You cannot expect to set up an organization in a week's time to buy and sell that number of cattle without making any mistakes. There was recommended to us a Mr. O. Freer, living in the city of Winnipeg. At one time this gentleman had handled cattle for a cooperative organization and he was the secretary of an organization of stockmen. We asked him to take charge of the task of assembling and marketing these cattle and he agreed to do so. As I said a moment ago, he built up an organization within a week of the time when he was asked to do so.

Mr. Freer opened up an office in Carberry. He did this because we were fencing something over 100,000 acres as a pasture at this point. We hoped to bring many of the feeder cattle to this point and he set up his office there. There was a Mr. Bailey who was acting as clerk, and a Miss Baker, as stenographer. He had a staff of graders and buyers as well, a list of whom I have before me. These men were paid $6 a day and expenses to go through the drought areas in Saskatchewan and Alberta to grade and purchase cattle. We asked the secretary treasurers of the municipalities to take charge of assembling the cattle. We agreed to pay the municipal organizations for the use of their secretary treasurers for the three jobs that we had to do during the two or three months of the season. One job was to assemble the cattle; another was to assist in distributing food that had been purchased in eastern Canada and British Columbia and shipped into the drought areas, and another was to assemble all information necessary for the distribution of feed and fodder within the municipality. The secretary treasurer was paid $125 a month for two or three months to do these particular jobs. He arranged to have the cattle assembled at two or three points in a municipality.

He advertised that we would pay the Winnipeg price, less freight, for all butcher cattle that were ready to go to the abattoir. We would pay the Winnipeg price at the initial point for all feeder cattle, and we

would pay $1.25 a hundred pounds for all canner cattle at the point at which they were assembled. With this information in their hands the individual farmers brought their cattle to the assembly points at which the grader and buyer graded them and bought them. The individual was paid cash on the spot just as though he had taken his cattle to the market. If the cattle were butcher cattle, they were taken to the abattoir in Edmonton, Winnipeg, Calgary, Moose Jaw or Regina. If they were canner cattle they were taken to various points and sold for what they would bring on the market at that time. The feeder cattle were sold on the stockyards to feeders from parts of the United States and other parts of western Canada or of eastern Canada, or were taken to the pasturage at Carberry and auctioned off to farmers who gathered there from eastern and western Canada. These farmers bought the cattle at auction and took them home, and if they shipped them to the east we paid half the freight on the cattle provided they kept them for three months before marketing them. We estimated at the beginning that we would require a considerable amount of money for this, but we found in the actual transaction that we did not require more than a fraction of the $3,000,000 included in the warrant provided in the supplementary estimates. The cattle were bought and sold. We bought 89,333 head of cattle.

Mr. ROWE (Dufferin-Simcoe): They were shipped out of the district?

Mr. GARDINER: Yes; and the net purchase price of the cattle was $1,438,188.21; the net sales price was $1,250,102.07; so there was a loss taken of under $200,000 on 89,333 head. In addition to that, there were freight charges which bring the total loss, in round figures, to $3.80 a head, or $340,000.

Mr. SENN: That includes transportation charges?

Mr. GARDINER: Transportation, administration costs and all netted a total loss to the government of $340,000.

Mr. ROWE (Dufferin-Simcoe): How many of these cattle were shipped to the United States?

Mr. GARDINER: I have not the exact figures, but it was a very small number. Most of these cattle went to the abattoirs in Winnipeg, Edmonton and Regina, and to eastern Canada.

Mr. ROWE (Dufferin-Simcoe): There were a good many shipped to eastern Canada.

Mr. GARDINER: We estimated that out of this group there would be 20,000 head shipped to eastern Canada as feeders, but many more were shipped that did not come into this group at all.

Mr. ROWE (Dufferin-Simcoe): At present prices there will be another loss to absorb there.

Mr. GARDINER: Not on these cattle. The feeder cattle were purchased at an average price of $17.31, so they will not take much of a loss on those.

Mr. ROWE (Dufferin-Simcoe): It depends upon what the cattle were like.

Mr. GARDINER: They were good cattle or they would not have been purchased as feeders. The poor cattle were all culled out, and the feeders were graded in carload lots at the pasturage. All the breeding cattle taken to pasturage were tested for T.B. and Bang's disease, and those who purchased them took them out of the area clear of disease. So I do not think anyone who took those cattle out at those prices is going to lose very much money.

Mr. LEADER: As one fairly conversant with the situation in western Canada, I want to take this opportunity of congratulating the Minister of Agriculture upon the really first-class job he did in handling the situation. His energy and sagacity in dealing with this great problem are, I think, highly creditable to any man in the Dominion of Canada. He mentioned Mr. Freer of Winnipeg, who had given him great assistance. I should like to take the opportunity of mentioning also Mr. Byers of Saskatchewan and Mr. Davies of Manitoba, two gentlemen who I believe, also gave great service. On a visit to Saskatchewan last year, I met buyers from the old province of Ontario. Cattle men can usually spot each other without wasting very much time—birds of a feather flock together, you know. In conversation with these men I found they all said that the system inaugurated by the minister was the cheapest and the best as far as they were concerned. They could go to Carberry and buy at auction, at their own appraisal, the cattle that suited them best, and they were thereby saved the expense of a trip through the country which might take a week to gather up a load of cattle. The only fly in the ointment, I think, is the fact that many of these cattle came to Ontario for feeding purposes. When they were purchased they were worth the money at that time, but owing to the slump in the market at the present time I think the farmers who are feeding these

cattle stand to lose some money or, at best, to break even. This is regrettable.

Miss MACPHAIL: They will lose money.

Mr. LEADER: They will lose, as the hon. member for Grey-Bruce suggests; on the other hand perhaps they made considerable money last year, and after all we make it one year and lose it the next. We have to take our chances as far as that is concerned. What I rose to say was that we appreciate the work which was done by the minister and his helpers in taking care of a grievous situation in western Canada.

Mr. SENN: I want to corroborate what the hon. member for Portage la Prairie has said, but unfortunately I am afraid that the farmers of Ontario who bought these cattle are not going to make much money out of them. I understand that some of them are very much disappointed with the results, no matter what the trouble is due to. However, I did not rise to speak about cattle.

I want to ask the minister to give us some more information about the price paid for feed grain. He told us that 7,618,000 bushels of feed grain for Saskatchewan had cost $5,636,000, which is approximately seventy cents a bushel. I suppose a large proportion of this feed grain was either barley or oats, and if one looks at the market quotations which appear in the papers from time to time, and the price in Ontario, one will see that it is very much below seventy cents a bushel.

Mr. GARDINER: That amount included the freight and shipping.

Mr. SENN: I suppose a large proportion of this feed grain was purchased in Manitoba or Alberta, so the freight from these points would not be very great as compared with the freight from Fort William. I should like to know where this grain came from, where it was purchased and the price, and what difference in the price the freight made. Seventy cents a bushel seems a high price to pay with prices for oats and barley as they have been in the last six months.

Mr. GARDINER: The average estimated cost, because it is impossible to arrive at the exact cost at the moment, is 72⅛ cents in the federal area in Saskatchewan, and a little less in Alberta; and in the marginal area the average cost is estimated at 65½ cents. The reason for the difference would be that in the marginal area you would be able to purchase small amounts of grain from individuals and move it to other individuals not very far removed. But I do not think that is a high price. Much of the grain that will be fed will be wheat. As a matter of fact, it is found in shipping grain considerable distances to feed stock in western Canada that you can ship wheat and feed stock at less cost than you can if you ship oats. They mix oats and wheat to feed horses.

Mr. SENN: That is feed wheat.

Mr. GARDINER: Yes, and in some cases it is fairly good.

Mr. SENN: It is a low quality wheat.

Mr. GARDINER: There was no feed wheat this year, but they estimate the cost per pound of wheat as against oats or barley or anything else, and ship in the feed that will give the best returns. There is a considerable amount of wheat and barley, some rye and more oats; but even oats at the present time in the district in which I farm will cost between sixty and seventy cents a bushel. We are not in the federal area. For oats that is the cheapest figure we can get by the time it is shipped in from Manitoba.

Mr. ROWE (Dufferin-Simcoe): I have been buying oats shipped to my farm from western Canada at fifty cents.

Mr. GARDINER: I wish the hon. member could ship some of that back to Saskatchewan; he must have had a preferential rate to get it down to that price.

Mr. ROWE (Dufferin-Simcoe): That is the market quotation; I bought oats two weeks ago at fifty cents.

Mr. EDWARDS: Has any arrangement been made by the goverment to assist in shipping to the markets in the old country feeder cattle that came to Ontario from western Canada last fall? The hon. member for Portage la Prairie has said that the minister did a splendid job in shipping cattle out of western Canada. I can assure him he would not find the farmers in eastern Canada quite so enthusiastic, not through any fault of his but through the circumstances that have developed. I am informed that in the county of Waterloo approximately 12,000 of these cattle were purchased by the farmers and they are now ready for the market. It cost the farmers from 5 to 5½ cents a pound to bring the cattle up to market condition, and the farmers are now compelled to turn them over to the United States buyers for their market, as there is not enough available space in the boats to take them over to the old country. I should like to know whether anything has been done to get the farmers' cattle into that market. I am told that it makes a difference of about $10 an animal whether or not the

farmers can get them into the old country market, and in the county of Waterloo that will amount to about $180,000 or $200,000 to these farmers.

Mr. GARDINER: With reference to the remarks of the hon. member for Dufferin-Simcoe, I suggest that the hon. member for New Westminster could probably explain the question of freights much better than I can. If the hon. gentleman were living in the west, he would find that oats can be shipped from the centre of Saskatchewan probably to the middle of Ontario cheaper than it can be shipped from some places in Manitoba to some places in Saskatchewan. As a matter of fact, you can ship grain from Saskatchewan to China, according to what our friends on the coast say, just as cheaply as from Saskatchewan to Vancouver, if it is to be used in Vancouver.

Mr. STEVENS: That is right.

Mr. GARDINER: The same thing happens in connection with grain rates all over the west. If you start to ship grain across the routes that grain travels under the Crowsnest Pass rates, you will find that the freight rate is considerably higher when you ship a few hundred miles between points in western Canada than when you ship all the way to the port in the east. You cannot, therefore, gauge prices in Ontario on the basis of what we may have to pay for shipping grain north and south across areas in western Canada or for shipping from eastern Canada west into Saskatchewan.

With respect to the question of shipping cattle to the old country, earlier in the session some hon. member asked a question on the orders of the day with regard to this very matter, and I indicated then that we had three men in Montreal working on the question for about a week, two of them representing the Department of Agriculture and one the Department of Trade and Commerce. These men saw all the shippers and everyone who was interested in shipping cattle to the old country, and they brought back a report to us to the effect that the chief difficulty was the question of getting freight with which to fill the holds of the ships this year in order to make it possible to ship cattle on the deck at the rates at which cattle can be taken to the old country. The chief reason is that very little wheat is going from Canada to European countries this year; there was little wheat grown. Our recent reports indicate that that situation has been relieved greatly during the last few weeks.

The reports which I get from day to day are to the effect that even now it is questionable whether it pays better to ship cattle to the old country than to Chicago. At the time when we were first discussing the question the price was around five cents a pound. I do not know what prices are to-day, but within the last few days it was seven cents on the Toronto market. I venture to say that any of the cattle bought under the scheme we have been discussing to-night, which have been fed and can be sold at seven cents a pound, will make good money for the farmers who bought them. We had a man checking the stables of most of those who brought down cattle from the west under this scheme. There are approximately 20,000 head of these cattle that are being fed. We have also checked the stables of some of those who have cattle which they bought from men who went to the west and brought back considerable numbers hoping to make something out of them. Certain individuals brought as many as 14,000 head into certain areas of Ontario and resold them. Last fall they were sold at prices which looked reasonable, but I have no doubt that at the present price of cattle some of these men—perhaps most of them—will take a loss. That, however, has nothing to do with the cattle which came down under the scheme that I have been outlining. They were brought down from the west by people who did a good service to western Canada. They went and bought the cattle, brought them down and placed them on farms in eastern Canada. There are others who went west under the half-freight plan, bought cattle themselves throughout the area and brought them back, and they are feeding them. It is possible that some of them paid too much for the cattle and will consequently lose money.

We have been making every effort to get shipping space for cattle for the old country. At the moment there is available space for between 40,000 and 50,000 head. We could ship many more than that to the old country this year if it were possible to get space. The main difficulty is the fact that three years ago they wanted to ship 6,000; the year before last, 36,000; last year, 9,000, and this year they want to ship 60,000. Anyone who considers these figures will realize that it is impossible for shipping companies to prepare for a trade which varies to that extent.

Mr. EDWARDS: The information which I received about three weeks ago was that space was available for about 40,000 head. The drovers tell me that they should have

space for about twice that number, and they say that bottoms are not available for shipping to the old country owing largely to the increase in the quota to the United States the year before, running to between 180,000 and 200,000 head.

Mr. GARDINER: We shipped about 300,000 all told.

Mr. EDWARDS: Well, whatever the quantity was. They were diverted to the south. The story they tell me now is that the control of the space going to the old country is in the hands of three men, one in the old country, one in New York and one in Montreal. They are taking advantage of this situation to buy the cattle at the United States price, and bottoms not being available to ship them to the old country, the farmers have to take that price. The cattle stand them at the present time about five to five and a quarter cents a pound, some more than that, and they tell me they will lose not less than $10 an animal, which to Waterloo county will mean about $180,000. It is a serious situation. If that is right, and if this space has been taken up by three men and held in that way with the idea of beating down the price to the farmer, some action should be taken. I know the minister sympathizes with the situation, but cannot something be done to put a little pressure on to get these cattle across?

Mr. GARDINER: I have no brief for the three men who are shipping cattle and have the space; but as far as I have been able to find out, it is not a new thing, it has been the condition for many years. I think the hon. member for Kootenay East will agree with me that three men have controlled most of the space for a number of years. But they controlled it in the years when we were shipping 6,000 head and when we were shipping 60,000 head; they have had to take it both ways.

There is perhaps something more important to be done than merely getting control of the space that these men may have. Whoever had that space would have considerable difficulty in using it with satisfaction if we are to have such variation in the shipments of live stock to the old country. We may have to devise some plan to prevail upon our people to ship more regularly.

Mr. PERLEY: And ship fewer south.

Mr. GARDINER: It cannot be worked out in a moment. We have seen all the shipping companies that have space, gone fully into the matter with them, but have been unable to find any additional space in which cattle can be shipped to the old country at the present time to save anyone any money.

Mr. EDWARDS: Not only is the situation serious this year; but if unfortunately the same conditions that we had last year should recur in western Canada, I think there will be a great deal of difficulty, after the recent experience, in having feeder cattle again brought to Ontario. I am sure the minister is doing the best he can; but I know a number of farmers in the county of Waterloo—and I am sure the Minister of Trade and Commerce will bear me out in this—who are going to lose a lot of money, and they will be reluctant to go into a similar deal again.

Mr. STEVENS: There is no doubt about the difficulty of handling the export of cattle to the British market. The minister is right in pointing out that the tendency which arises from time to time to abandon the British market in favour of the United States market when the latter market opens up is an old and serious difficulty affecting the continuity of supply to the British market. There is no doubt also that over a long period of years certain large exporters have substantially controlled the existing space on ships going to the old country. Of course they are in the business in a large way, and they give the shipping companies some assurance of continuity of freight. The difficulty comes about in this, that it costs a shipping company a substantial sum to equip a ship to carry cattle, and when it is so equipped, that space is not suitable for general cargo returning to this country, so it is a handicap unless the supply of cattle moving to the old country is more or less regular. We found this condition back in, I think, 1931, and what was done at that time worked pretty satisfactorily and, I submit, might be again considered by the minister. The parliament of Canada voted a sum of money for equipping ships to handle cattle. If my memory is correct, this cost $14 a stall. Again speaking without the record, I believe a stall will accommodate three large animals or four small ones. The shipping companies were paid the cost of installation of these stalls, and we also took pains to assure a certain number of cattle being shipped over a period of time, so that the shipping company was assured of a reasonable return for devoting that space to this class of business. In that way the records will show that we moved in certain years quite a substantial number of cattle.

Mr. GARDINER: You guaranteed them so many trips.

Mr. STEVENS: Yes. As a matter of fact the movement continued after that guarantee, and the movement of cattle was greatly facilitated. One unfortunate feature is that the small independent shipper, by the very nature of his operations, simply cannot guarantee continuity of supply. So the Department of Trade and Commerce joined with the Department of Agriculture in an effort to stabilize the supply by the smaller shippers, or made accommodation available to the smaller shippers so that supply could be guaranteed; and this greatly expedited the movement of cattle to the mother country.

In view of the circumstances mentioned to-night, it might be well to review the practice of those years and consider the advisability of again paying the cost of equipping ships for carrying cattle. The sum required was not large compared with the value of the service and the results achieved.

Back of it all lies this problem: The British market offers an excellent outlet for Canadian cattle, but we can hope to hold that market only if our cattle move forward with reasonable continuity and of suitable quality. These are essential factors in marketing Canadian cattle in the British Isles. If it were possible to organize the disorganized farmers so that continuity of supply to the British market might be assured, this would go a long way to solve the problem of the British market and at the same time to ensure that the shipping companies would provide continuous space for the cattle movement. I think the experience of the Department of Agriculture and the Department of Trade and Commerce in 1931, 1932, 1933 and 1934 might be considered in the present circumstances.

Mr. EULER: That continuity of supply applies to many other commodities.

Mr. STEVENS: It does, but this question of the movement of cattle is vital. There is serious distress; in fact, the interjection of the minister tempts me to point out that the price of cattle to the farmers in Canada is not a fair price or one based upon the law of supply and demand at all. It is fixed in Toronto by the heads of the packing institutions, and that condition is unfair to the farmers. I am going to have more to say about that later on. I feel strongly on this question, because next to grain, if not indeed equally with grain, the marketing of live stock is one of the largest items in the production of new wealth in this country. There is no question in my mind—and I have given the matter a great deal of study—that the farmers of Canada are to-day, and have been—I was going to use the word "defrauded"—deprived, and unjustly deprived, of millions of dollars annually that they should get. I am prepared to prove that, and I shall do so one of these days. I am almost tempted to proceed with an analysis of these conditions, but I did not rise for that purpose to-night. When it is suggested that these conditions apply to other commodities, that is true, but there is nothing in the whole realm of activity in Canada to-day comparable with the unfairness in connection with marketing live stock.

Mr. GARDINER: The officials who went to Montreal and other eastern ports at the time mentioned, three or four weeks ago, did review what had taken place along about 1931 and 1932, and had in mind an endeavour to arrange something similar at this time. That could not be done to advantage because of the fact to which I referred a few moments ago. Boats that are going to carry live stock on their decks must carry something else in their holds in order to pay for their passage across the ocean. We found that it was absolutely impossible to do what was done in 1931 if we were to be able to pay the additional cost of doing it. We would have to pay practically the whole cost of a boat going across the ocean and back again, and when we figured that into the costs it was found impossible to obtain anyone who would undertake the work at any price that we could pay. Then, as the Minister of Trade and Commerce says, we could not have obtained sufficient space in any case. There would have been a very small increase in the space that would have been available.

With regard to the last few remarks of the hon. member for Kootenay East, while there may be a great deal of truth in the statement that we are not obtaining enough for our cattle, I think it is pretty well agreed, particularly by those of us who are raising cattle, that there is a feature of the present situation which should be mentioned when we are discussing it from that point of view. Cattle were seventeen cents a pound live weight on the Chicago market at one time last year, and I think one day they were even eighteen cents. Someone says they were nineteen cents. When cattle are nineteen cents a pound in Chicago, no person, either in Ontario or elsewhere, is going to ship cattle to Great Britain.

Mr. EDWARDS: Did they have cattle to ship at that time?

Mr. GARDINER: Yes, a great many were shipped at that time.

Mr. ROWE (Dufferin-Simcoe): How many were shipped to the United States at that time?

Mr. GARDINER: So many were shipped just prior to the time they were seventeen cents that we went beyond our quota in a month and a half when we had not expected to go beyond it at all this season. At the beginning of June we were thirty thousand behind as compared with the year previous, but after the middle of August our quota had been entirely taken up by the shipment of cattle to the United States. The fact of the matter is that beef got so high in the United States that people began to get out of the habit of eating it. When the price of beef rises to nineteen cents a pound in these times, many people cannot eat it. Whether or not that was the whole cause, something did happen in the United States, and beef went down to a very low price. Then for a few months it paid better to ship cattle to Great Britain, and the farmers went into the shipping of cattle to that market. But I am told by those who have been keeping in close touch with the market during the last week or so, that not very many want to ship to Great Britain. They want to ship to Chicago again, because the price is going up. In other words, these two markets, one on each side of the province of Ontario, do have some influence on the price of cattle in Canada.

If we should have an arrangement under which we could land our cattle continuously in the old country, and supply the market over there, we could do very much better than we are able to do by shipping spasmodically, as has been the case in recent years. When we were discussing this question over there two years ago, the main problem in the minds of the British people who were concerned about the matter was where they were going to get their meat supplies. They had no objection to arranging for meat supplies from Canada, but they had to be fairly well assured that they were going to get those supplies somewhere. If they were to undertake to cut down their supplies of meat from the Argentine, they wanted to be absolutely certain that we could send them their supplies every year. From my experience over there, I am quite satisfied that if we should give an undertaking to the old country that we could supply a certain number of cattle every year, the British market would take all the cattle we in Canada could fit for that market. But I think we shall have to be prepared to develop some plan under which they can be fairly well assured that if they get 60,000 head this year, they will get 60,000 head next year and the year following. If we wanted to put it up to 100,000 head, we could do so if we could so arrange matters that we could continuously supply that market with 100,000 head a year. I do not think, however, we can do that under anything proposed here.

Mr. WEIR: I should like to say just a word at this time with particular reference to the movement of cattle from western Canada into Manitoba. The discussion here to-night has demonstrated clearly the creditable accomplishments of the Department of Agriculture last fall in the handling of cattle from the drought areas of Saskatchewan and Alberta. We regret, of course, that the probable returns for the finished cattle on the feed lots, not only in Ontario and Quebec but also in Manitoba, may not be as good as one might have hoped, and no doubt some of the people are going to be disappointed.

I should like to make a reference to the pasture field at Carberry. A concentration point was established there, and in that pasture field there are 130,000 acres. It was all fenced by the dominion government; corrals were built; provision was made, as the minister has said, for testing these cattle for tuberculosis as well as for some blood tests in connection with cattle that were exported to the United States. The total cost was in the neighbourhood of $20,000, and some 18,000 head were handled through there. There is a splendid pasture field there, with plenty of water; and, by the way, last fall that field could have handled a considerably larger number than the 18,000 head which were there. So the cost per head was roughly one dollar, which is a very, very reasonable price.

The point I wished to mention more particularly was the attempt to establish auction selling. The accommodation was very good. These corrals were erected; there were sorting chutes, and so forth. Men employed there sorted these cattle into uniform lots; they were brought into a yard and then sold by auction. These sales were attended by men from all over the country. I think something was started there that is well worth following up. When we look at the heavy shipments of cattle that ordinarily come from western Canada in the fall of the year, loading our stock yards with a burden they can hardly handle, something may be accomplished in the way of securing a proper price for our cattle through auction selling. This concentration pasture for cattle certainly showed that auction selling could be done, and that people would come there to buy cattle. More than that, I was there on one or two occasions, and invariably the live stock commission men were not buying cattle, because they said they were too high. The result was that those

cattle were being purchased by farmers in Manitoba, Ontario and Quebec, and also some from the United States as well. That, in my view, reacts to the credit of the Department of Agriculture in that they were able to organize a scheme whereby full value could be secured for those cattle. Often we hear that governments cannot do business as satisfactorily as private institutions. This is one illustration where a government has accomplished something very much to its credit.

A few days ago reference was made to horses which had been put in the same pasture fields, after the cattle were moved out. Some people said that many of those horses died, and that some were not in fit condition to move back to the places whence they came. I had occasion to make inquiry about them, and I find that some local people were taking considerable interest in the pasture field. The horses that are in there are put there by the Saskatchewan government, and not by the dominion government at all. A considerable amount of hay was provided for them, in addition to the pasture they could take from under the snow. Unfortunately the snow became deep, and hay had to be fed. As a matter of fact, a number of those horses were up in years, and their teeth were not in good condition. They were not in a condition suitable to stand outside wintering, and to get their own living from under the snow.

However, despite that condition, provision was made to bring those same horses to the corrals, and they were even fed some grain. Therefore, so far as the attention given to the live stock in that pasture field is concerned, I would say that it has been well cared for. My chief purpose in rising was to point out what really had been accomplished in the pasture field, and to indicate that, so far as my observations are concerned, it reflects creditably on the Department of Agriculture.

Mr. EDWARDS: To get back to what the minister said about the price of cattle last fall on the Chicago market, may I say that what he pointed out did not help the case I was trying to bring to his attention. These cattle are now ready for market. Seven thousand will be shipped out of Waterloo county in the next two or three weeks, and the point I wish to bring out is that there is only space for 40,000 cattle to go to the old country and to take advantage of that market, when a space for 80,000 is required. Under the circumstances I would urge the minister to accept some of the suggestions of the hon. member for Kootenay East with respect to making some arrangements to get these cattle into the old country market. If, as the minister has indicated, conditions have changed within the last two weeks, the problem may be partly solved. I must point out, however, that it is a serious one in my district.

Mr. GARDINER: I agree with that; we are doing everything we can. I am speaking from memory, but my belief is that we had succeeded in increasing by approximately 10,000 the number that could be shipped. That would still leave it betwen 50,000 and 60,000, despite an increase of 10,000 more than 46,000. Our information was that by following the plan which had been followed before, we could not get the results this year. We tried at every port, going as far south as New York, to make arrangements, but satisfactory arrangements could not be made. We are still keeping in touch with the situation, and trying to move as many cattle as possible to the old country.

Mr. STEWART: We are now discussing item No. 469, involving an expenditure of $13,750,000. The minister agreed that with that item we might discuss items Nos. 462 and 463.

Mr. GARDINER: Item No. 462 with the item the hon. member has mentioned, and item No. 463 with the following item.

Mr. STEWART: They are all similar.

Mr. GARDINER: No.

Mr. STEWART: Item No. 463 is for direct relief in the dried-out areas, and provides for a further amount of $2,000,000. Item No. 462 is to provide for feed and fodder relief in the dried-out areas. I suggest that they are kindred subjects. Let us take those two items, with the $13,750,000 in item No. 469, the $7,640,000 in item No. 470 and the $1,000,000 in item No. 471, and add them together, and we have a grand total of $28,390,000. Those are the expenditures provided in these supplementary estimates, for two provinces.

The size of the amount must impress the committee with the seriousness of the situation, and the extent of the disaster which has overtaken those provinces. There is no doubt that conditions could not be entirely foreseen. Some provision was made in the special estimates of last year. I desire now to call attention to the fact that the items now under consideration involve an expenditure of $29,371,500 by governor general's warrants.

Mr. DUNNING: I think the hon. member has unwittingly enlarged the amount under the warrants. There are three amounts under warrants.

Mr. STEWART: The items on the other page are not under warrants; but if I am correctly informed, there are several items on the last page under governor general's warrants, and the first of those is one for $15,000.

Mr. DUNNING: No; that is in Ontario.

Mr. STEWART: But it is on governor general's warrants, and that is the point I am discussing.

Mr. DUNNING: As a whole?

Mr. STEWART: Yes. I think the minister will agree when I say that the amount under those items is $29,371,500.

Mr. DUNNING: Yes, all by warrants.

Mr. STEWART: Yes, all governor general's warrants, and that is a large sum of money to be provided in that way. I recall over a period of years a very severe criticism of this method of providing money. So far as possible we should anticipate our requirements. They should come down in estimates to be voted by the house, and it is only in connection with extraordinary expenditures that resort should be had to governor general's warrants. Undoubtedly a considerable part of this expenditure is of that kind. It could not be foreseen—

Mr. DUNNING: The whole of it.

Mr. STEWART: I would not say the whole of it. I believe the government must have been well aware that a considerable amount would be required in Saskatchewan in this connection; conditions have been very bad. Then, to come back to the two items—the minister seems to shake his head at everything I say—

Mr. DUNNING: I was agreeing with the hon. member right along until a moment ago.

Mr. STEWART: We are coming now to the point about which I would rather have the Minister of Agriculture agree with me. There were estimates in connection with items Nos. 462 and 463 which are not items under governor general's warrants.

Mr. DUNNING: If my hon. friend will permit me, I can clear that up immediately. The amounts covered by items Nos. 462 and 463 have been required since this house commenced to sit. My hon. friend will remember that a governor general's warrant cannot be issued while the house is sitting. Items Nos. 470, 471 and 472 are in connection with governor general's warrants which were issued prior to the meeting of the house. We could not take care of the further expenditures which developed as being necessary by that method, so we are asking the committee to vote items Nos. 462 and 463.

Mr. STEWART: Then there is some force in the contention that I first made, that the two items amounting to $3,000,000 should be considered along with the item of $29,000,000.

Mr. DUNNING: Exactly the same thing.

Mr. STEWART: That is what I was starting out to make clear, that they were the same.

Mr. DUNNING: They are exactly the same.

Mr. STEWART: If I understand the minister aright, he admits that if the house had not been in session the two items amounting to $3,000,000 would probably have been provided for by a governor general's warrant.

Mr. DUNNING: Most certainly.

Mr. STEWART: That makes my case that much better.

Mr. DUNNING: This afternoon the minister undertook to discuss them together because they were the same thing.

Mr. STEWART: Then the requirements in connection with which there was no estimate in advance would total $32,000,000 instead of $29,000,000. That is the point I started out to make. I recall quite well, when we were putting through relief legislation in years gone by, that those who are now on the other side criticized us for putting through what they termed blank cheque legislation. Days were spent in criticism of that type of legislation. We were told to bring in an estimate of any amount that we thought reasonable and the house would approve. I submit that is the course which this government should have followed last year instead of resorting to governor general's warrants.

As I understand the use of governor general's warrants, the money provided in this manner is put in a special account; it is earmarked for a special purpose. If I understood the minister rightly, he said that some of the moneys provided for by this item were not yet expended; that the items were anticipating requirements to complete expenditures for the season. Am I correct in that?

Mr. DUNNING: So far as the votes are concerned, not the warrants.

Mr. STEWART: I understand that after the house is in session, moneys required for purposes of this kind would be provided for by votes similar to votes Nos. 462 and 463.

Mr. GARDINER: The moneys provided by items Nos. 462 and 463 have not all been expended, but those are not governor general's warrants.

Mr. STEWART: Has the whole amount of item No. 469, that is $13,750,000 been expended?

Mr. GARDINER: An amount of $3,000,000 for cattle is included in that, and as I indicated, there was only $340,000 of that ultimately expended.

Mr. STEWART: By governor general's warrant after the session began?

Mr. GARDINER: That was made available last year.

Mr. STEWART: Everyone admits that it would be irregular to pass governor general's warrants after the session has started, but in my opinion expenditures under governor general's warrants should not be made after the session begins. We should adopt the same course that has been adopted in connection with items Nos. 462 and 463.

Mr. DUNNING: If my hon. friend will permit me, I shall try to explain that. With regard to the amounts involved in the governor general's warrants, everyone knows the test under the Consolidated Revenue and Audit Act is whether or not the expenditure is urgently needed for the public good and could not be foreseen. In connection with the first of these votes, No. 468, we could not foresee the flood in western Ontario at the time this house was last in session. The amount for that purpose was urgently necessary for the public good.

Mr. ROWE (Dufferin-Simcoe): Pretty small.

Mr. DUNNING: It was in the form of a grant to the Red Cross which I shall deal with when that vote is before us. When this house was last in session we could not foresee another drought in western Canada in 1937. We did make provision in the estimates for the fiscal year 1937-38 to take care of the conditions which had carried over from the previous drought. The expenditures contemplated in item No. 469 are due entirely to the fact that a new drought came along in 1937 after parliament had prorogued. The same is true of item No. 470 to cover relief expenditures in the drought areas amounting to $7,640,000, and the same applies to the item of $1,000,000. The item of $6,500 was emergently and urgently necessary because the radio station at Fort Smith burned down.

Mr. STEWART: I am not discussing that.

Mr. DUNNING: Item No. 473 provides for additional expenses of the royal commission on dominion-provincial relations. We did not foresee the need of these additional expenses, but I shall deal with this matter in its proper place. The next item is for $6,890,000 and covers a matter which is always dealt with in this way. This is the course followed when the deficit of the Canadian National Railways has been underestimated in the main or supplementary estimates for the year in question. I may say that the underestimation of this deficit, making necessary this warrant, was brought about by the same emergent and unforeseen conditions as made necessary votes Nos. 469 and 470. The railway deficit would not have been greater than was estimated had there been a crop in the drought areas of western Canada.

There is one point brought up by my hon. friend in connection with which he is entitled to an explanation; that is, his reference to the handling of these cattle. We had to find the means of providing the money wherewith to take these cattle from the farmers and market them. The legal advisers of the government told us that the only possible means of getting money for that purpose was a governor general's warrant. We replied that we did not require all the money as we would be selling the cattle and most of the money would be coming back. They told us, however, that we must have authority for the whole amount which we planned to spend. That is why the $3,000,000 is included in the $13,750,000, in spite of the fact that all of the $3,000,000 will come back with the exception of the amount represented by expenses and loss, which I think the minister gave as $340,000. The amount necessary to be provided in the first place could be obtained only by a governor general's warrant.

Mr. MacNICOL: Why would the expenses be chargeable to the country?

Mr. DUNNING: The Minister of Agriculture has explained several times exactly how it worked. I am afraid my hon. friend could not have been in the chamber.

Mr. MacNICOL: I understood the Minister of Finance to say that all the money had come back except the expenses. Why has not the $340,000 come back?

Mr. GARDINER: The whole $340,000 did not come back. That is the loss we took on the cattle we handled.

Mr. MacNICOL: I cannot see why there should be any loss.

Mr. GARDINER: If the hon. gentleman will read Hansard to-morrow he will find it all in there.

Mr. HAYHURST: I should like to say a few words regarding this loss on cattle. We have a ten per cent exportable surplus of cattle in Canada, the other ninety per cent being consumed in this country. Our farmers are actually selling cattle at a loss ten times out of twelve, and that applies from 1920 to 1938. Yet here we are voting large grants of millions of dollars to buy feed for cattle which will be sold at a loss. That is what it amounts to. We have all done that, and we are doing it now. Go into the province of Alberta, where they have plenty of feed, and you will find that the farmers will not feed their cattle. They say: "What is the use of using high-priced feed for cattle which will have to be sold at a loss?" They prefer to sell their feed to the drought area because they can get more for their feed in that way than by feeding it to cattle. It pays them better to sell the feed. As a farmer I know perfectly well that as soon as I purchase feed and bring it to the farm, there is a loss.

We talk about railway deficits, and we talk of raising the wages of railway men and civil servants, and of consumers who would eat beef, but they will not pay the price for beef. We raise railway wages and the price of everything except the price of the very thing the farmer has to sell, and I would point out that the greater proportion of the people of this country are farmers. With increased wages the consumers of this country ought to be buying more of the products of the farm. We have a quota for our cattle shipments to the United States, and as we have a ten per cent exportable surplus of cattle, why should we not ship our cattle to Great Britain and have a quota there? The farmers in the western provinces, particularly in the foothills of Alberta, could produce live stock in abundance if they were given any opportunity of producing it at a profit; but we are actually producing it at a loss, and therefore we are submarginal in regard not only to raising grain but to raising cattle as well. You bring cattle down from the west to the east, and find that you have no market for them. The poor people in Wellington county have to use high-priced feed to feed the cattle and then sell them at a lower price than they bought them for.

Hon. gentlemen to my right are always seeking to make the wages of railway men higher, while the farmers' wages are brought down to nothing. We cannot get anything for our cattle. The people who have had their wages raised to the limit will not buy the stuff, and the result is that the farmers, who are the back-bone of Canada, are suffering. Hon. gentlemen to my right want industry to be prosperous and wages high, but people getting high wages will not buy beef.

There is something wrong with our economic structure and there should be some stabilization or equilibrium or equation whereby those who are the back-bone of this nation should be able to get the living they are entitled to. I am certain the Minister of Agriculture, when he goes over to Great Britain, can find a market for our beef over there. He may say that the boats are not available; but if we have not a steady flow of cattle and beef products going over there, naturally the boats are not going to be available. I guarantee that Alberta alone, if I went through the western foothills, would ship several thousand head of cattle a year to Great Britain.

Mr. DUNNING: Provided the price in the United States was not higher. That is the joker.

Mr. HAYHURST: I know that is the joker, but we cannot rely on the United States market alone. Therefore I say that we should be given a quota for the shipment of our cattle to Great Britain. When the hog quota was established a few years ago—I was not in politics at the time—I know our farmers were pleased and people went about Alberta telling our farmers to raise hogs because there would be a market for them in Great Britain.

Mr. MacNICOL: But the farmers did not show their appreciation by their votes.

Mr. HAYHURST: There was something wrong with the Conservative policy.

Mr. MacNICOL: The Conservatives got the farmers the quota, but the farmers did not show their appreciation by voting for the Conservatives.

Mr. HAYHURST: Pardon me, Mr. Chairman, for getting drawn into an argument on the side. My contention is that thousands of cattle in western Canada die every year because they cannot be fed at a profit. Hay is too dear, and what is the use of carrying cattle through several winter months if they are going to be sold at a loss in the spring? Our railways are running at a loss. Certainly they could be run more profitably than they are now if they were carrying cattle. Our railways run east and west. The Minister of Finance says that we should ship our cattle

to the United States. Well, we have quite a quota there, and I think we should retain it, but at the same time I think we ought to be shipping cattle to Great Britain as well.

I have in my hand the Ottawa Citizen. I have no desire to run down any particular paper, but why does it not put the price of cattle on its stock market page? It has a heading: "Buying movement at Toronto flattens out as trading dries up." It gives news of the mining market and the price of mining stocks, but look for the cattle prices in Toronto on this page! You will find no section in it devoted to cattle prices in Toronto or Winnipeg. I looked in vain for cattle prices in the daily paper to-day. There is just a little sneaking piece about the price of carcass beef in Ottawa, and the price of veal carcass is given as from six to seven cents a pound. I wonder if that is a misprint.

Mr. MARTIN: That is a social credit paper.

Mr. HAYHURST: I am not saying anything about the editorials in the paper. They may be thoroughly satisfactory, but I suggest to the editor of the paper that he put on the stock market page news that country people around the city of Ottawa would like to read. Then we would probably get more votes for our cause.

Mr. PERLEY: A few minutes ago the hon. member for Macdonald came to the rescue of the Minister of Agriculture and complimented him upon the splendid system he had developed of shipping out the cattle. I can to a certain extent agree with the hon. member for Macdonald, because I think the government made a splendid job of cleaning out a lot of cattle from the province—and incidentally putting many of the dairy men out of business for a year or two. Many thousands of young breeding cattle and a great many cows left the province that should never have gone out at all. As the member for Macdonald said, many of them were sold to farmers in Manitoba. Some of them were sold to farmers in Ontario. I think a great injustice was done to many of the men out there who had established small dairy herds and were getting considerable revenue from them and who would depend next year upon that revenue if the cattle were there. As I say, they will not be there. The farmers who bought this young breeding stock will benefit to a great extent. I have protested a great many times in this regard and I shall not pursue the matter further than to repeat that a great injustice has been done to many men who built up small dairy herds.

With regard to horses, the hon. member for Macdonald said that he had investigated the matter to some extent and felt sure that many of the horses were aged, some of them without any teeth or with poor teeth. I believe the opposite. I know that farmers generally shipped young horses and kept the old ones at home where they could give them attention if they got the feed. That is only natural. My neighbour shipped a fine team of black horses weighing between 1,600 and 1,700 pounds when they left. They were one of the finest pairs in the district, and when they came back they weighed about 1,250 pounds. They had lost upwards of 350 pounds.

Mr. GARDINER: Why did men ship horses from north of Wolseley to the Carberry pasture?

Mr. PERLEY: They had no feed. Take my own farm. We did not thresh as much grain as would fill a bin twelve feet by fourteen feet, taking straw and everything.

Mr. GARDINER: That may be quite right, but the reason for shipping horses to the Carberry pasture was to ship them away from areas where it cost more to ship feed in than to ship horses out. While it may be true that in my hon. friend's district there was no feed, there was feed ten miles away.

Mr. PERLEY: In the minister's district they were very fortunate.

Mr. GARDINER: We were not fortunate in my district, but between my district and the hon. member's the farmers were.

Mr. PERLEY: They were 100 per cent better off—

Mr. DUNNING: May I interrupt to suggest to the committee that this is not the only opportunity they will have to ventilate and thoroughly discuss all matters connected with the items now under discussion. There must be items either in the main estimates or in supplementary estimates to come before the house for the new fiscal year covering matters precisely similar to those now under discussion. There will, therefore, be ample opportunity to discuss these matters. The estimates we have under consideration now are estimates for expenditures the authority for which expires at midnight to-night. No expenditures can be made under what is now being considered beyond March 31. It may be there is a desire on the part of the committee to discuss further the matter now under consideration, and I cannot complain if that is so; but I want to point out that there will be ample opportunity again to ventilate all these matters, so that the

committee will not be losing anything by passing these estimates to-night.

Mr. PERLEY: I do not intend to hold up the estimates. I was simply trying to reply to the hon. member for Macdonald, who has left a wrong impression. Are we discussing more than one item now? If we are discussing item No. 471 as well, I would ask the minister to tell us under what item in the main estimates we shall have an opportunity to discuss thoroughly the question of relief apart from feed and fodder. If he will tell us that, I am willing to let this item go through.

Mr. DUNNING: There must be provision in the supplementary estimates for the fiscal year starting to-morrow. Provision must be made for carrying along the drought area until such time as something grows there to enable the people to take care of themselves, and in connection with that it will be competent to discuss any of these items that are now under consideration. There is no question about that.

Mr. STEWART: The same intimation was made on two or three occasions this afternoon, and the passage of these estimates has been facilitated.

Mr. DUNNING: Very much, and we appreciate it.

Mr. STEWART: There is no disposition to delay these estimates, but I do not think the minister will say that any member has asked for information to which he was not entitled or which he might not reasonably expect to receive at this time.

Mr. DUNNING: Quite right.

Mr. STEWART: The hon. member who is now speaking was endeavouring to clear up something which has arisen and to which, if a reply is to be made, it should be made here and now. I accept the assurance that on a future occasion, even though possibly there may be no corresponding item that is absolutely relevant, we may discuss some of these matters, particularly on some of the larger items. I take it that we may discuss them on any item that is similar. I suggest that we ought to facilitate the passing of these supplementary estimates to-night, and I assure the minister that there is no intention of holding them up.

Mr. DUNNING: I did not think there was.

Mr. PERLEY: I was going to ask the minister with respect to the numbers of horses that had been shipped to the Carberry pasture, the number that had returned, the number that had died, and also whether any veterinary service had been required during the winter. If so, who was employed and at what cost?

Mr. GARDINER: I have stated on three occasions that we had absolutely nothing to do with that. We built a fence around that pasture last summer, and this winter the provincial government asked for the privilege of shipping horses to the pasture. We built the fence to keep cattle there in the summer and they asked for permission to ship horses.

Mr. ROWE (Dufferin-Simcoe): The provincial government?

Mr. GARDINER: Yes, and they shipped about 1,500. Veterinary assistance was required for some of the horses early after their arrival. It was found at that time that over fifty were old horses, many of them without teeth, and they should not have been shipped. Some of them did die. How many of them have been shipped back, I do not know; the provincial government is handling that entirely.

Item agreed to.

To provide for direct relief expenditures in the drought areas of the provinces of Saskatchewan and Alberta (Governor General's warrant of September 29, 1937), $7,640,000.

Mr. LENNARD: Does this item cover any of the assistance given to farmers and their families, and stock, moved from Saskatchewan to Ontario during the past year?

Mr. GARDINER: No. No expenditures will be taken out of this money for that purpose. I understand that the provincial government did pay freight on two carloads for persons who were moving from Saskatchewan to other provinces provided they first obtained the consent of the province and the county into which they were moved. My understanding is that there is some arrangement between municipal bodies in Saskatchewan and the county into which they go, under which arrangement relief is being paid. But that arrangement is not made out of these funds.

Mr. LENNARD: The federal government had nothing to do with it?

Mr. GARDINER: No.

Item agreed to.

To provide for the purchase and distribution of foodstuffs in the drought areas of the provinces of Saskatchewan and Alberta (Governor General's warrant of September 29, 1937), $1,000,000.

Mr. PERLEY: I should like to have an opportunity to study this. Will the minister

assure us that we shall have an opportunity to discuss it thoroughly later on?

Mr. GARDINER: There will be no other item that exactly covers this particular matter, but I shall give an undertaking to the committee to allow discussion on it, if the chairman of the committee will permit me at the time.

Mr. PERLEY: Under some item in the main estimates?

Mr. GARDINER: Under any item having to do with the provision of money for relief between now and the next crop.

Item agreed to.

To provide for additional expenses of the royal commission on dominion-provincial relations (Governor General's warrant of January 19, 1938), $70,000.

Mr. ROWE (Dufferin-Simcoe): What was the total estimated expenditure for the royal commission? That seems an enormous supplementary for that purpose.

Mr. DUNNING: The amount provided last year was $150,000. The warrant now under discussion is for $70,000, but I am advised that the amount of the warrant will not be spent. Probably some $30,000 of the amount of the warrant will not be expended during the current fiscal year which ends to-night. So that it can be roughly said that the total expenditure will be about $190,000 in the current fiscal year.

Mr. ROWE (Dufferin-Simcoe): The balance is for the coming year?

Mr. DUNNING: The rest of the $70,000 unexpended lapses at midnight to-night.

Item agreed to.

To provide an amount additional to that provided under vote 361 of the special supplementary estimates for 1937-38 to cover the net income deficit of the Canadian National Railways (Governor General's warrant of January 26, 1938), $6,890,000.

Mr. DUNNING: That is the balance of the deficit of the Canadian National Railways over and above the amount provided in the estimates last year.

Mr. STEWART: I note that the date of that warrant was January 26. That is just before the commencement of the session. I assume that the reason for not letting it wait, but passing a warrant so close to the beginning of the session, is that the railway year ends with the calendar year.

Mr. DUNNING: That is correct.

Mr. STEWART: And that they required this to balance the year; otherwise it would appear to me that the issue of a governor general's warrant on that date was perhaps not justified.

Mr. DUNNING: It has frequently happened, as I think my hon. friend will remember, that a similar situation arose just prior to the opening of parliament, the railway needing the money to close up their accounts for the year.

Item agreed to.

To provide for assistance to sufferers from the flooding of areas in western Ontario (Governor General's warrant of May 5, 1937), $15,000.

Mr. BETTS: This money was to provide assistance on account of the flood of last spring. Most of the damage was done in London. There was tremendous devastation and property destruction, and there would have been a frightful loss of life but for the fact that the water came up in daylight and not after dark. As it was, there was only one person drowned. But it created a very serious situation, and there was a threat of recurrence a short time ago. Some scheme was undertaken whereby the province of Ontario was to make a survey of the whole Thames valley in conjunction with the federal authorities, and to plan preventive measures. How far has that survey gone?

Mr. DUNNING: I am sorry I have no information here in respect to that matter. It does not arise in connection with this vote. All that I have here is the explanation of this warrant. It was a special grant to the Canadian Red Cross Society to enable it to assist the sufferers from the disaster to which my hon. friend refers. Perhaps he will avail himself of some other occasion, when Public Works estimates are up, or some item on which the minister concerned can give the information.

Mr. ROWE (Dufferin-Simcoe): It was under discussion recently, was it not, between the provincial government and the federal government in regard to a conservation scheme?

Mr. DUNNING: I believe there was something under discussion, but I have no personal knowledge of it. It does not connect with my department, at least not yet.

Item agreed to.

Miscellaneous—

Additional temporary grant to the province of Saskatchewan to enable that province to continue essential services pending improvement in crop conditions and pending report of royal

commission to investigate financial powers and responsibilities of the dominion and the provinces, $2,000,000.

Mr. ROWE (Dufferin-Simcoe): I do not want to hold up the committee so close to eleven o'clock, but this seems a most exceptional item. It is a further grant to the province; it is not in the form of relief or the cost of shipping cattle or fodder or feed or the movement of foodstuffs; it seems to be more or less a direct grant in assistance to the province. Perhaps the Minister of Finance might tell us what they are doing in the way of direct grants to Alberta. That province has defaulted on its bonds; yet we find that Saskatchewan has received about ninety per cent of these different grants, and now we find a further $2,000,000 being granted to that province for essential services. I only wish to point out that Alberta is perhaps recognized generally to be in more difficult financial circumstances than Saskatchewan.

Mr. DUNNING: Oh, no. I am glad to give the information upon which this vote is based. It became apparent during last September that the whole basis of living and tax-paying in Saskatchewan was disrupted to an extent which had never previously occurred in the history of any Canadian province. It will be remembered that last session votes passed this committee in exactly the terms of the one now under discussion, following an examination by the Bank of Canada and a report to the house with respect to the financial condition of the provinces of Manitoba, Saskatchewan and Alberta. When September arrived, it became quite apparent that the $1,500,000 previously voted would be completely inadequate to enable Saskatchewan to perform the essential ordinary services on a minimum scale for its people, in spite of the fact that they had imposed on themselves increased taxation by way of a two per cent sales tax in order to raise the necessary funds to keep their educational system going. I have some figures which would illustrate the situation in that regard as between the three provinces. The value of the wheat crop for 1935, 1936 and 1937 in each of the three provinces—

Mr. ROWE (Dufferin-Simcoe): I do not think it is necessary to put that on the record. I believe it is generally recognized.

Mr. DUNNING: But the figures are so staggering and bear so directly upon the question asked by my hon. friend that I think he must permit me to state that the value of the crop in Saskatchewan dropped from $101,000,000 in 1936 to only $38,000,000 in 1937, for the whole province. In Manitoba it increased from $23,000,000 worth of crop in 1936 to $46,000,000 worth in 1937. In Alberta it also increased from $60,000,000 worth in 1936 to $72,000,000 worth in 1937. That represented a tremendous cut in the income of the people of Saskatchewan, so that practically four-fifths of them have had to go on some form of relief, partial or entire. Consequently the ability of the people to pay taxes to support their institutions was simply nonexistent. After a careful examination with the province, following along the line of the bank's report of the year before, the government decided that an additional grant of $2,000,000 was necessary. On the instructions of the government I wrote a letter to the premier of Saskatchewan expressing our willingness to include in these estimates such a sum in addition to that which was voted in the house a year ago.

Mr. ROWE (Dufferin-Simcoe): Did the minister say it was a million and a half a year ago?

Mr. DUNNING: Yes.

Mr. COLDWELL: Would the minister tell the committee precisely what is included under the term "essential services."

Mr. DUNNING: All the services of the province.

Mr. COLDWELL: Perhaps it would be interesting if we had before the committee an outline of what those services are, because, as the minister says, the income of the province was cut so severely that none of these services could have been carried on. As a matter of fact, not only would the usual municipal officers have had to be dispensed with, but medical assistance in some instances could not have been maintained or forthcoming. I should like, of course, to have seen some provision made to assist the educational system of the province, which has suffered severely. I have outlined in the house previously the cuts in wages that the teachers have had to accept. Some of them, in fact all within the drought area, have had cuts amounting to sixty per cent of their salaries. In the drought area the average salary paid in cash amounted to only $10 a month in some instances, while some worked for $100 for the whole year.

These essential services are of interest to the whole dominion. They are not for any particular locality, because if the health of the people deteriorates or the children cannot secure education, this reacts adversely upon the entire life of the dominion. To my mind, this vote is one of the most deserving that the committee has been called upon to pass, and I hope it will be carried.

Mr. QUELCH: What do the words "temporary grant" mean? Is it in the form of a loan?

Mr. DUNNING: No; it is a grant.

Mr. ROWE (Dufferin-Simcoe): What is item No. 459 for?

Mr DUNNING: That was carried this afternoon. It is a federal district commission item, covering extra cost of snow removal and work in connection with four additional buildings, the grounds of which have been committed to the care of the commission.

I should like to thank the committee for its forbearance in this matter to-night, and to assure every hon. member that he will lose nothing in the way of opportunity for discussion by having cooperated in putting through these estimates. I move that the committee rise, report that it has considered certain resolutions, and ask leave to sit again. I shall not present the bill to-night, as it will be necessary to make other provisions. I spoke to the right hon. leader of the opposition with regard to interim supply, which we have to provide. In that connection there is this difficulty, that there are certain items which normally come down in supplementary estimates for the new year which are not yet before the house, and hence would not be covered by an interim supply vote. It may be necessary to introduce supplementary estimates for the coming year in order to take care of the needs for a month or two under items which would not be covered now by interim supply because they are not before the house. For that reason I should like to leave the bill over.

Mr. ROWE (Dufferin-Simcoe): They are not as large as these?

Mr. DUNNING: Oh, no, thank goodness.

Item agreed to.

Progress reported.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 10.58 p.m.

Friday, April 1, 1938

The house met at three o'clock.

CANADIAN NATIONAL RAILWAYS

INQUIRY AS TO REOPENING OF MALTON, ONT., STATION

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I should like to ask the Minister of Transport (Mr. Howe) to indicate to the house whether the management of the Canadian National Railways has under consideration the reopening of the railway station at Malton, Ontario, in view of the prospective increase of traffic attributable to the location of the airport and certain new industries at that point.

Mr. MacNICOL: Is Malton in the county of Peel?

Hon. C. D. HOWE (Minister of Transport): The matter being entirely one for the management of the Canadian National Railways all I can say to my hon. friend is that I shall direct the attention of the management to the question he has asked.

ENSOL

DEATHS IN UNITED STATES FOLLOWING USE AS CANCER SERUM

On the orders of the day:

Mr. J. J. McCANN (Renfrew South): I wish to direct a series of questions to the Minister of Pensions and National Health (Mr. Power).

1. In view of the catastrophe at Orlando, Florida, where seven persons met their death following the use of a cancer treatment serum known as ensol, manufactured and distributed from Kingston, Ontario, what steps are being taken by the federal Department of Health regarding an investigation, and what protection is afforded to the Canadian public to prevent the occurrence of such an accident or incident in this country?

2. Is ensol licensed for manufacture and distribution in Canada?

3. Is ensol manufactured under government supervision?

4. Has the distribution of ensol been prohibited pending the holding of an investigation?

5. Has any attempt been made to recall batches of ensol made at the same time as that which was distributed to Orlando, Florida?

Hon. C. G. POWER (Minister of Pensions and National Health): My hon. friend was good enough to give me notice of this question. Some two days ago the department was informed through the United States food and drugs administration that a number of deaths had occurred at Orlando, Florida. Immediately the department dispatched Mr. Lancaster, chief dominion analyst, Doctor Harris, chief of the laboratory of hygiene, and Mr. James Gibbard, bacteriologist, to Kingston to inquire into the circumstances connected with the manufacture and distribution of the batch of ensol, No. 10170, under suspicion.

On examining the books in which the records of shipments were contained, our officers found that a certain number of vials containing ten cubic centimeters each had been distributed to different places in the United States and Canada. Upon the advice of our officials a telegram was immediately dispatched by the Hendry Connell Research Foundation to all recipients of ensol. This telegram ordered the recipients immediately to discontinue treatment with any of the ensol of batch No. 10170. The National Health Institute at Washington was advised, and Mr. Lancaster, the chief dominion analyst, telephoned the food and drugs administration in Washington, informing them that all consignees of this particular batch of ensol in the United States had been instructed by telegram to discontinue its use. Subsequently a list of all recipients of ensol since January 1, 1938, was prepared and a similar telegram dispatched to them. It should be pointed out that with every vial of ensol Doctor Connell enclosed printed instructions for use, in which he particularly warned those using the ensol that certain aseptic precautions should be taken. Inspection of the records shows that many doses of this particular batch, No. 10170, have been given to patients in Canada, with no ill effects reported. In the meanwhile all further distribution of ensol has ceased pending results of laboratory examinations and autopsies.

An application was made by the Hendry Connell Research Foundation to manufacture and sell ensol some two or three years ago, in 1935. A licence was refused and the applicant was advised that a licence would not be granted until such time as a pronouncement had been made upon the efficacy of ensol by a responsible medical authority. Under existing legislation the department is unable to supervise or control free distribution, as it has no authority therefor; nor has it authority to interfere with the making up and preparation of prescriptions by laboratories, by physicians themselves or by hospitals.

Further consideration will be given to the entire question as soon as all the facts have been ascertained upon investigation and through laboratory tests being made both here and in the United States.

INSTOW, SASK., FARMERS

INQUIRY AS TO CONDITIONS WITH RESPECT TO FEED OATS AND FODDER

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): I should like to ask the Minister of Agriculture (Mr. Gardiner) whether or not the conditions that have been complained of with respect to feed oats and fodder at Instow, Saskatchewan, have been remedied. I was going to communicate with the minister before he came in, but possibly on Monday next he can give us some information on the matter. I think perhaps the situation has been corrected by this time.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Departmental administration, $425,720.

Mr. PAUL MARTIN (Essex East): Mr. Chairman, when I resumed my seat the other evening I had been commenting on the speech of the hon. member for Vancouver North (Mr. MacNeil). Before I come to the matter I was discussing at that time I should like to take this opportunity of correcting, if that is necessary, an impression that might be gained from something I said in respect of the functions of a member of parliament as compared with those of one who does not have the responsibility of membership in this house or the responsibility of a minister of the crown. What I obviously meant was not that we should turn this place into a citadel of hypocrisy; but that what any hon. member said at this time in this House should be with an appreciation of the existing international situation. I did not mean that we should say things here differently than we would outside this house.

Regarding the statement of the hon. member for Vancouver North that we should acquire the legal right to assert neutrality, I should point out that as a matter of history, in respect of at least minor wars in which Great Britain was a participant, we have always taken the attitude that this was not our business. I could refer to the Fashoda incident of 1884, in which Sir John A. Macdonald refused to have Canada involved. Then one could make reference to the Chanak incident, when the present Prime Minister as Secretary of State for External Affairs took the stand of Canadian non-participation. I further contend that in the Locarno treaties there is an implied non-participation on the part of Canada in any major European war in which Great Britain should be involved. I also suggest that if the famous Balfour declaration of 1926 means anything, there is no question about our right to assume a position of neutrality. I do suggest to the house, however, that in any event neutrality is rather a matter of policy than a matter of legal debate. I agree with the hon. member for Vancouver North

that we should have the legal power to assert our neutrality, without commenting in any way as to any given event in regard to which we might exercise that right. My submission is that the Foreign Enlistment Act passed in this house in 1937, the amendment to the Customs Act of last year and the proposed amendment to the Shipping Act now before the house, clearly indicate that the administration has no intention of becoming entangled in foreign wars.

Speaking in this house on June 18, 1936, I made the plea that has been made by the hon. member for Vancouver North. I then asked that we should acquire the legal right to declare a position of neutrality if we so desired. On that occasion I quoted the words of the Prime Minister regarding neutrality in terms of constitutional and international law. Those words deserve to be repeated here to-day in order to remove what I think is a misconception on the part of the hon. member for Vancouver North when he discussed the position Canada would occupy in respect of a war in which Great Britain was involved, and in which we might wish to assume a position of either passive belligerency or complete non-participation. I repeat the words of the Prime Minister at this time, words uttered in 1926 and referred to by myself in this house in 1936, because I think they will help, as I have noted, to clarify the issue:

> There is a distinction to be drawn between the purely legal and technical position in which this dominion may be placed and the moral obligations which arise under treaties, depending upon the manner in which such treaties are entered into, upon the parties who are present, and the representative capacities in which they acted while negotiations were proceeding. Legally and technically Canada will be bound by the ratification of this treaty.

The Prime Minister was referring to the Lausanne treaty.

> In other words, speaking internationally, the whole British Empire in relation to the rest of the world will stand as one when this treaty is ratified. But as respects the obligations arising out of the treaty itself, speaking now of inter-imperial obligations, this parliament, if regard is to be had to the representations which from the outset we have made to the British government, will in no way be bound by any obligation beyond that which parliament of its own volition recognizes as arising out of the situation.

Somewhere Sir Arthur Berriedale Keith has expressed the view that this is a correct statement of the position. Let me remind the hon. member for Vancouver North, as he has been reminded already: assuming that in a given event we wish to be neutral, I trust he will appreciate the full significance of that desire in respect of the use of force. There is every bit as much likelihood, if not more, of our being called upon to use force to protect a neutral position, as there is if that neutral position be not asserted. Last year his leader, the hon. member for Winnipeg North Centre (Mr. Woodsworth) moved in this chamber the following resolution which I give in part:

> That in the opinion of this house the foreign policy of Canada should conform to the following principles,
>
> (1) That under existing international relations, in the event of war Canada should remain strictly neutral, regardless of who the belligerents may be.

In other words, regarding any conflict we should assert a position of neutrality. But the hon. member for Vancouver North, if I interpret correctly his speech of last Friday, does not agree with the statement made by his leader, because at page 1728 of Hansard he is reported to have said:

> I am not suggesting that we should attempt to make a prior declaration of neutrality and bind parliament.

So that at any rate we have this difference in the points of view of the hon. member for Vancouver North and the hon. member for Winnipeg North Centre on this issue. In this particular the hon. member does not agree with his leader, and I think it should be stated whether or not, when the hon. member for Vancouver North was speaking, he was declaring his own position or that of his party.

With regard to this question of neutrality one should not forget the experience of the United States. It is significant that a former president, Mr. Hoover, recommended only the day before yesterday, following a return from Europe, the abrogation of the existing neutrality legislation of the United States. And there are growing evidences, in congress itself, of a change in this particular.

One should mention here, I think, that the anomalous position in which Lord Atkin has put us as a result of his judgment in respect of Canada's treaty making power. In passing I suggest this should be remedied at the earliest possible moment.

Speaking of the foreign policy of this country, which I now intend to discuss, I think one might well say by way of preface, that if a government party is expected to have a foreign policy, so, too, should all the political parties in this house. One wonders, for instance, if the speech delivered by the hon. member for Argenteuil (Mr. Heon) the other day in Montreal, represents the point of view of the party of which he is a member, or whether one is to take the speech of the hon. member for Broadview (Mr. Church)

as indicating more clearly the position of his party regarding these matters.

Even at the expense of labouring the point, in respect of the question of commitments I think I should place on Hansard one or two further declarations of responsible ministers, indicating the position of Canada, so that any hon. gentleman who should follow me will not seek to emphasize that while assuming there are commitments we at the same time display an unwillingness or a reluctance to indicate their full significance.

Mr. J. H. Thomas, speaking on March 9, 1936, in the House of Commons at Westminster, as Secretary of State for the Dominions, said:

> At the jubilee celebration in 1935 the United Kingdom government had explained to the dominion prime ministers that the defence position, since which the full content of the white paper had been communicated to them, and without a solitary exception every dominion not only acquiesced but felt that this was a policy that ought to be supported.

Obviously, if that was correct, the statement of the present Prime Minister—

The CHAIRMAN: Order. I regret to inform the hon. member that he has exceeded his time.

Mr. HEAPS: Mr. Chairman, in view of the fact that the hon. member for Vancouver North had a little more than forty minutes, and that it is to that speech the hon. member wishes to reply, I think he should have an opportunity to continue.

Mr. MARTIN: That is a very kind intervention, and I thank the hon. member for it.

Mr. LAPOINTE (Quebec East): The good Samaritan.

Mr. MARTIN: If that statement were allowed to go unchallenged, naturally what I have said in respect of commitments would place the present administration and the leader of the opposition (Mr. Bennett) in a most embarrassing position. However, to take care of that matter, the present Prime Minister (Mr. Mackenzie King) on March 10, 1936, commenting upon the statement of Mr. Thomas, the then Secretary of State for the Dominions, said:

> A summary of the white paper which was recently laid on the table of the House of Commons at Westminster, describing the proposal of the government of the United Kingdom, for the strengthening of its defence forces and the reorganization of the committee of imperial defence, was communicated to us. The summary reached us at the same time that a full statement appeared in the press of the contents of the white paper. But we were not asked our opinion of the white paper nor were we asked to give any approval of it or any commitment with regard to it.

The statement of the Prime Minister would not be complete, nor would we have a complete disclosure of the foreign policy of this country, unless, in respect of the matter to which the Secretary of State for the Dominions had referred, one quoted the statement made in the house by the present leader of the opposition, when he was prime minister, in answer to a question by the present Prime Minister on May 20, 1935. The present Prime Minister had asked the present leader of the opposition if at the conferences in connection with the jubilee celebration any commitments had been made by Canada, and the then prime minister (Mr. Bennett) replied:

> At this moment I shall not do more than say that I think it is very desirable that I should at once make it clear that so far as this dominion is concerned no commitments were sought with respect to the matters to which reference has been made, nor were any given. I say that because it is desirable that there should be no false conceptions and no misstatements or misunderstandings abroad with respect to matters of such importance to us all.

So that the record is now complete. We have not only the present Prime Minister but also a former prime minister, representing the only other political group which has held office in Canada, telling us that we have no commitments, nor have we had any commitments with any unit in any part of the world.

These official statements effectively arrest the interpretation the hon. member for Vancouver North sought to give the other night. Then, finally, in a broadcast statement over the national network of the Canadian Broadcasting Corporation, on July 19, 1937, after his return from Great Britain, following the coronation and the imperial conference, the Prime Minister said:

> In concluding what I have to say on the subjects of foreign affairs and defence, I should like to make perfectly clear that the position of the Canadian government, as asserted prior to the conference, of the full and untrammelled responsibility of the Canadian parliament for decision on the vital issues of foreign policies and defence, was completely maintained throughout. It was made clear in the conference discussions that Canada was not committed to joining in any Imperial or any league military undertakings; and, equally, that there was no commitment against such participation; that, in brief, any decision, on the part of Canada, to join in war would have to be taken by the parliament of Canada in the light of the circumstances and facts of the day, as they may exist in Canada, and in the areas involved. That position has been made clear in Ottawa, in Geneva, and in London, and it remains the position of the government of Canada. Neither at the Imperial conference itself, nor at any time, prior or subsequent to the conference, were commitments made with

respect to matters on which the Canadian parliament would wish to be informed in advance; nor have policies with respect to any matter been enunciated or approved which were not wholly in accord with those of the government as known to the country, and previously expressed by myself or my colleagues in parliament.

I now leave this matter of commitments. I ask the house to agree that, if any hon. member suggests again that there are commitments, the onus will rest with that hon. gentleman to indicate precisely the full nature of the alleged commitments.

It is said constantly that we have no foreign policy.

Mr. MacNEIL: Would you not consider a contractual obligation to maintain naval bases for his majesty's ships in time of war in fact a commitment?

Mr. MARTIN: By no means. A contract of that sort can be ended. For instance, one can recite the case of Italy regarding an arrangement made with the Austrian government in connection with the Austrian Tyrol. That was denounced. That was a contractual obligation, but there is a difference between a contractual obligation and a constitutional obligation. As I pointed out the other night, there is no constitutional obligation on the part of Canada in respect to these naval bases.

I do not agree fully with all that this government has done by way of foreign policy, but I do say that this government has had and has a foreign policy. In the light of existing circumstances, it is the only foreign policy that this country could have, bearing in mind Canada's best interests. In the Italo-Abyssinia dispute, whether or not we liked the way our government acted, its foreign policy was clear and well-defined. Regarding our attitude toward the reoccupation of the Rhineland there was no question as to our official point of view. We had a definite policy respecting the proposed amendments to the covenant of the League of Nations. The Prime Minister made that clear to the assembly of the league when he spoke on behalf of this government in 1936. Hon. members may not have agreed with him, but he did not equivocate in the matter.

There is a disposition to say that the Brussels Conference was not a success and that this country had no foreign policy in connection with it. We must not overlook the important contribution made by that conference respecting the present conflict in China. I am sure I can give no greater authority for this statement than Doctor Hu Shi. At the Brussels conference, which met on November 24, there were represented many of the countries represented in Washington when the nine-power treaty of 1921-22 was drawn up. That treaty provided for the recognition of the sovereignty and territorial integrity of China, and the Brussels conference reaffirmed its provisions. While some hon. gentlemen may contend that there are no teeth in that reaffirmation, I should like to point out what Doctor Hu Shi had to say. Speaking in Ottawa the other day this great Chinese philosopher observed that he regarded the reaffirmation as being of tremendous importance. The policy of this government was to agree with the reaffirmation of the principles of the nine-power treaty. If that does not mean having a definite foreign policy in respect to that one matter, then what does it mean?

The position that we took is of great significance when we realize that Sweden, Norway and Denmark, all peace-loving countries, all members of that Scandinavian group traditionally strong collective security countries, made reservations and refused to vote for the declarations given. Hon. gentlemen opposite often hold up these countries as the best examples of consistent foreign policy. These three countries in declining to vote refused to affirm the declarations and Canada did, I presume because of the foreign policy of the present government. When you consider the number of countries represented you realize that there was a diminution as compared with the conference of 1922. Our country was not only represented, but went the full way with the other countries in expressing its horror at the use of force in faraway China. Hon. members may say that we should have done more, but I do not think we could in the light of the present world situation.

What do we mean by foreign policy? If hon. gentlemen opposite think that the government should have a declared formula for every question, then it is impossible to expect this or any other government to have a foreign policy. There are certain constant factors such as geographical position, economic interests, and the general state of community opinion which must be borne in mind. There are few men more astute in the conduct of foreign affairs than was Sir Eyre Crowe, at one time head of the western division of the foreign office. In a famous memorandum given on January 1, 1907, he laid down the basis of Anglo-German relationship. Anyone who analyses Mr. Harold Nicolson's estimate of that memorandum will appreciate the value of what I have said. In dealing with Anglo-German relationship, as conceived by Sir Eyre Crowe, certain considerations had to be

borne in mind by the British government, among which was the fact that Great Britain was an island, facing the exposed flank of Europe. Being an island, she had to maintain food outlets and inlets. If that is true in the case of Great Britain, it is equally true in the case of Canada. What are the constant factors to be considered? Any one who is prepared to examine these constant factors will not fail to recognize the truth of what I am saying.

Let me digress for a moment. I am not saying that the present foreign policy of this country should be maintained continually or should have been maintained from the close of the war up to about two and a half years ago; I am simply answering the statement that we have at the moment no foreign policy. In a recent book on Canada, Andre Seigfried said:

> The foreign policy of Canada is based on three essentials, which are relatively simple and easy to summarize. They are first, the assertion of a distinct political status in international affairs; secondly, protection against menace from overseas powers; and thirdly, economic considerations, connected with the development of natural resources and the maintenance of the export trade. Whichever way we turn, we are sure to be confronted by one or other of these three propositions.
>
> The attitude Canada adopts is a function of either her proximity to the U.S.A., her connection with Great Britain, or her international trade, which in turn depends upon the maintenance of peace.

I do not think anyone will quarrel with the statement that these are the constant factors which must be kept in mind. When we criticize the absence of an external affairs tradition in this parliament we should remember that we are a comparatively new member of the family of states. We have not yet acquired the complete technique in these matters that is expected of much older and more experienced countries. I am not offering this as an extenuating circumstance; I am simply stating a fact. The progress we have made is certainly much greater than that made by the great republic to the south, having in mind the length of time that country has been a member of the family of states.

I have no apology to make for my statement regarding Canadian foreign affairs. I am speaking now, not of a situation I should like to see, not of a situation that I think should have been, but of a situation that is. In this respect I suggest that we have a very definite foreign policy. This foreign policy was given to the house last year by the Prime Minister, but it will bear repetition. There are at least seven principles of our foreign policy. The first and guiding principle in the formulation of Canada's foreign policy should be the maintenance of the unity of Canada as a nation. If this were not basic we would be faced with the absurd proposition of trying to keep peace in Europe at a time when Europe was not inclined to accept our assistance, and at the same time further jeopardizing the unity of Canada. That surely is fundamental, and no hon. member has stated that proposition better than the hon. member for St. Lawrence-St. George (Mr. Cahan), who speaking in this house in 1926, said—and I commend his words:

> May we not reasonably hope that those who succeed us in filling the highest offices in the gift of the people of Canada shall only undertake such inter-imperial and international responsibility as may be undertaken with the general approval of all sections of the country, and to ensure that the action of parliament, and of the government which this parliament maintains and sustains, shall have the approval not only of a majority of the electoral constituencies throughout Canada, but also have the substantial support and cooperation of the constituencies in every important section, district or province of the dominion?

If that was not our attitude then we certainly could not make an effective contribution under present circumstances to the restoration of peace in the world. Add to that the fact that we have normal problems in respect of lack of unity. If hon. members were to follow, for instance, the observations of the hon. member for Argenteuil (Mr. Heon), or perhaps go the full way of the hon. member for Winnipeg North Centre (Mr. Woodsworth), is there any doubt of what the effect would be in this country? One has simply to remember the effect of conscription in this country; and by the way, talking of conscription, I for one deplore anyone in another place or in this House of Commons or for that matter outside Parliament advocating, in respect of a possible future conflict, that we should again think in terms of the conscription of our man power.

The second principle is that Canada's foreign policy is, in the main, a matter not of Canada's relations to the league but of Canada's relations to the United Kingdom and the United States. Whether we like it or not, this is the fact. We have certain affiliations; we have certain neighbours; and in the light of the uncertainty of world affairs, whatever we do must be done in the light of our relations with these affiliations and to these neighbours. There may be some who want us to withdraw from the Empire; there may be some who want a modification of our position in it; but no one, regardless of the position he takes in this respect, will deny the

need for taking into consideration the fact that whatever we do must be done in the light of these two relationships.

Mr. MacNEIL: Does the hon. member consider that the separate right of neutrality may be claimed without conducting certain constitutional negotiations with his majesty's government in the United Kingdom?

Mr. MARTIN: Most certainly, but I do not quite appreciate how that touches what I have just said. That is involved in the new status which we have acquired, but in no sense is it related to the matter to which I am referring.

I am not afraid to assert in this house that we are a North American state. I am not afraid to assert that the very fact that we are on the North American continent should not only give us the right but should compel us to realize that our situation as a country on the North American continent does confer certain opportunities in respect of possible assistance in the event of a conflict, as well as certain orientations because of this geographical reality. But to state that we are a part of the North American continent and that we are a member of the British Empire is not in itself, I acknowledge, likely to take us out of the difficulties to which the hon. member has alluded. I am merely pointing out that in forming its foreign policy the government of this country, when it comes to make a decision, has to bear in mind these constant factors—and our relationship to Great Britain and our relationship to the United States are two very important constant factors. I believe in Canadian participation in the Pan-American Union, but I realize that if, as a matter of foreign policy, this government made a decision one way or the other at the present time with respect to that matter, greater disadvantage would come than advantage.

The third principle is that Canada should as a general rule occupy a back seat at Geneva or elsewhere when European or Asiatic problems are being discussed. With regard to the period from 1920 up until two years ago, I would not agree with that as an adequate formulation of Canada's foreign policy, but in the light of circumstances as they are, in the light of the attitude, for instance, of the Scandinavian countries, peace-minded as they have traditionally been, and in the light of the attitude taken by the greater powers generally, could we take at the present time any other position?

One of the most important figures in bringing about an earlier conception of the League of Nations, and conceiving the idea long before the war was at an end, was Lawrence Lowell, a former president of Harvard university; and here is what he says about participation at the present time in full measure in respect of the League of Nations, and in respect of any part of the Americas trying to bring about any real appeasement in Europe:

> Any general war in Europe would be a calamity to civilization that would drag us down with that part of the world from which we sprang; but in the present aspect of affairs we cannot help to prevent it, for it rests upon conditions there which we cannot change, upon the inability of European nations to act with harmony enough to settle their dissensions by peaceful means.

That surely is a significant statement. No one is stronger in the championing of collective action than I am, and it is because I believe in collective action that I do not want it to be disturbed by pious wishes which can only result, if translated immediately into terms of action, in disaster to the countries that adopt them, and to the collective system itself. Members of this house have a responsibility in doing their utmost to keep this country out of war. And to this end the present government dedicates itself.

The fourth and fifth principles, taking them together, are that Canada is under no obligation to participate in the economic and military sanctions of the league or in the defence of any other part of the commonwealth. I need merely mention the resolution of this house that was passed in 1926 in respect of economic sanctions. Of the position taken by us then, I need say nothing more I think than that it was contrary to our membership in the league at that time, but it does represent a foreign policy persistently pursued in this country and so directed as to preclude the slightest possibility of our being drawn into a European conflict. However, there is this to be said: Events confirm the stand taken by the government in sponsoring the 1926 resolution. We have from the beginning taken the attitude at the league that we did not by way of anticipation, want to be drawn into any armed conflict in respect of trying to carry out the provisions of the covenant of the league. In the light of the fact that the greater powers as well as some of the other powers of Europe have used the league as a means of preserving the status quo, I think that events have more than confirmed the judgment of successive Canadian governments in respect of economic and military sanctions.

Mr. DOUGLAS (Weyburn): If I may interrupt the hon. gentleman to ask a question, I remember the Prime Minister quoting those seven principles which I believe were taken from the formula by Mr. Escott Read. If I

remember correctly, the Prime Minister gave rather general assent to them. Does the hon. member now suggest they represent the policy of the government, or his policy?

Mr. MARTIN: The hon. member knows that I have no authority to speak for the government. I am simply giving my interpretation of what I understand to be the present foreign policy of this government. I concur in Mr. Reid's excellent summary of present Canadian foreign policy.

Seventh, Canada is willing to participate in international enquiries into international economic grievances.

In 1921 our delegate, the present chief justice of the Supreme Court of Ontario, took the attitude that the primary function of the league was to deal with political matters; the examination of economic questions—raw materials and accessibility thereto, the closed market system of the world, and the like—was not properly within the functions of the league. Now, since the present government has not indicated the extent to which in this particular it is prepared to go, there may be offered some legitimate criticism, although not to the extent that some hon. gentlemen may suppose. We now recognize that the peace of the world is to be effected mainly through recognizing the economic implications of the relations of one state with another. And the government of this country, when it comes to implementing its policy in that respect, will be faced with the duty of considering the question of Canada as an outlet for population and as a source of raw materials. I would ask hon. gentlemen whether, in this connection, they would assert with regard to immigration, for instance, that we should take a definite stand as to the contention that Japan has an insufficient area for the support of its population, or regarding the same claim on behalf of Italy? These are questions that cannot lightly be determined. While I believe that the peace of the world must be sought, once the present unrest has subsided, along such lines as these, I do not agree that anyone could reasonably be expected to make a particular pronouncement of policy at the present time in the absence of cooperative effort.

This program, be it satisfactory or unsatisfactory, is a program, and, as I have already suggested, one which in the light of existing circumstances is best suited to the interests of Canada. A country must not be unwilling to consider interests other than its own, but as, seemingly, this is a time when no country is willing to think of interests other than its own, it would be the highest type of folly for this government to take any course different from the one it is pursuing.

So much with regard to the present. I have already stated my position with regard to the past up to two years ago. I am going to vote for these estimates, but not because I believe we are thereby defending our homes. If a war comes, whether of aggression or of defence, it can mean only the destruction of homes and much else. I consent to vote for these estimates for the same reason, and no other, that a man would consent to the amputation of an arm. In doing so I do not absolve anyone or any country. The condition of the world represents the vacillation both of public opinion and of governments. It may be said with a good deal of truth that Great Britain might have staved off the present situation, but we all have a measure of responsibility with regard to the invoking of article XIX, respecting consideration of the claims of an earlier Germany, Italy and Japan—claims which, if recognized, might have delayed the mischievous advent of the totalitarian states.

With regard to the future, the necessary disposition and good faith assured, and only the future—because to try to implement at this time the following program would defeat the purposes I have in mind—I am of the opinion that if the present balance of power system could be dropped, if the concert of certain nations could be disposed of, if it is possible to get back to Geneva, we shall then have to decide whether we are going to return to Geneva through the employment of force or through the agencies of conciliation. But if we do get back to Geneva we should embrace a program involving the following:

1. The renunciation of economic warfare; and that, this government can do quite readily because of its traditional fiscal policies.

2. Economic disarmament to be accompanied by military disarmament.

3. Positive international cooperation to make it possible for all nations to improve the standards of living of their peoples by having assured access to the good things of life. This positive cooperation involves:

(a) Improving the standard of labour and living by international agreement, as is being done by the international labour office.

(b) A consideration of the raw materials inaccessibility argument. There is a lot of nonsense in connection with this argument, but so far as it is valid it should be faced squarely.

(c) Freer access to markets, so that nations may be able to sell that which they best

produce, in order to obtain the exchange with which to acquire raw materials.

(d) Trading on a basis of equality rather than of discrimination; and that again, this government can afford to do in the light of its traditions.

(e) Currency stabilization and better coordination of financial policies.

(f) Possible extension of the principle of mandates or international development of certain colonial areas.

(g) Provisions for peaceful change.

Last, and I think most important:

(h) Readaptation of the collective system.

As regards this program I have sought not to be an apologist for anyone. I have criticized the past foreign policy of the present and other governments. But confining oneself for the moment to the situation in which we now find the world, no man in the position of responsibility occupied by a member of this house can urge the government to resort to any other course than it is following at the present time.

I merely express again before taking my seat, the hope that it will be possible to permit the agencies of conference to replace force as an instrument of national policy and as a means of settling disputes between nations, the hope that the law will supplant the will of any one man or ruler of a country. While I recognize that in the present situation it is almost futile to attempt to be idealistic, I am convinced, even if that conviction is based upon idealism, that the present system of heavy armaments and of foreign policies based upon them cannot preserve the peace of the world. Peace can come only by a revision of the concept of sovereignty and a recognition of the fact that, because of the economic and political interdependence of the world, nations have to be prepared to give and take in respect both of political and of economic matters. But the time for that has not come; we can only hope that it will come in the not distant future.

Mr. M. J. COLDWELL (Rosetown-Biggar): In rising to speak to this matter of defence, may I say first that I would very much like to have more than forty minutes, but I feel that the indulgence of this house has already been extended on too many occasions, and I propose to try to keep within the rules in this regard.

First I desire to deal very briefly with some of the remarks made by the hon. member for Essex East (Mr. Martin). He has, I think, endeavoured, and quite ably, to make an apology for what I still consider to be the government's lack of policy. Having followed the hon. member's speeches from time to time on international affairs and the League of Nations, I am sure that what he undertook this afternoon must have been an uncongenial and perhaps even difficult task. In outlining the policy which he laid before the committee he said that he had no authority to speak for the government, yet he led us to infer that the government had a policy, and he laid before the committee a policy—

Mr. MARTIN: Will the hon. member permit me to point out that that statement is not accurate? I did not lay before the committee a policy. I laid before it what I understood to be the policy of the present government.

Mr. COLDWELL: I accept that explanation and say that the hon. member laid before the committee a formula, and the idea I got was that it was the policy which is governing the government's policy; yet the formula is not the government's formula but that of Mr. Escott Reid, who has no responsibility whatsoever in relation to the government of the country.

The hon. member twitted my colleague the hon. member for Vancouver North (Mr. MacNeil) the other day, saying he had changed his position in regard to some of the matters now before the committee. May I just quote the concluding paragraph from what the hon. member for Vancouver North said last year in discussing the problem of defence, as found at page 887 of Hansard of February 15, 1937:

> I submit we are being asked to support measures of defence which offer no defence. We are being asked to jeopardize our social security and to perpetuate social inequalities without the assurance that there will be additional security against danger from war. In the name of national defence we are facing commitments which mean anything but the defence of Canadian soil or Canadian homes. We desire peace, and we are taking the road to war. I submit, Mr. Speaker, that the situation demands a straightforward statement from the government as to its intentions for the future.

In his address last Friday the hon. member for Vancouver North reiterated that position over and over again. Hence I would say that there was no change in the basic and fundamental principle from which he spoke this year as compared with a year ago. This year, as last year, we argue that defence plans should be based on a clear-cut foreign policy. We ask, as we did a year ago, what is that policy? So far this house has been given no definite statement from the government regarding it.

That is not my opinion only. It is the opinion of political observers all across Canada. As recently as last Saturday evening the Ottawa Journal, edited by a gentleman whose ability and powers of observation I think none of us will question, remarked that this house and this nation should be told the truth regarding the defence estimates, should be told what is implied by them. For, he said, anything else is not honest, and can bring only injury. That, briefly, is the opinion also of the group with which I am associated.

The hon. member for Essex East illustrated what he termed our policy in relation to international affairs by quoting from the recent Brussels conference. Last October at Geneva we associated ourselves with other nations in calling upon members of the league to give at least moral support to China. We were also at Brussels, and what did the Chinese delegation say at Brussels? According to a Canadian Press dispatch dated November 15, 1937:

> Canada has been a substantial contributor to Japan's weapon of war, according to a statement issued by the Chinese delegation to the nine-power treaty conference to-day.
>
> The statement analyses Japan's dependence on foreign supplies for raw materials. It says that in 1936 Japan imported aluminum, used in aircraft manufacture, valued at 12,000,000 yen ($3,480,000). Of this Canada furnished 71·7 per cent.
>
> In the same year Japan imported 33,000,000 yen worth of copper, of which Canada furnished 97·11 per cent.

In the same paper there followed a comparative table issued from Ottawa showing the increases in our sales to Japan last year.

Then the hon. member for Essex East undertook to read the hon. member for Vancouver North a lecture on our duties as members of parliament. He said:

> What he states here should be different and from a different point of view from what he would say if he were in the lecture hall of a university or making a public lecture apart from his responsibility as a member of parliament.

Surely if this advice were followed—

Mr. MARTIN: Mr. Chairman—

Mr. COLDWELL: Just a moment. I did not interrupt the hon. member, and I think he will be quite satisfied with what I am going to say when I have said it. Surely if this advice were followed the atmosphere of this chamber would be even more unreal than it already is, and we should sit here simply employing words to conceal our thoughts. In other words as the hon. member for Essex East this afternoon stated, this institution of democracy might become the citadel of hypocrisy. I can only suppose that over the week-end he has read those words a good many times—

Mr. MARTIN: You are quite right.

Mr. COLDWELL: He has seen their implications, and realized that it must have been in a moment of mental aberration that he said what he did on Friday. To my mind it illustrates this, that even one of the most liberal—if I may put it that way—of the Liberals who sit on the opposite side of the house can be affected by the reactionary influences with which he is continuously associated. Once in a while we see an indication of that, and I take it this was one of the occasions.

Now we are told in this house that we may not discuss foreign policy, at least not as frankly as they discuss it at Westminster, or we may start a war somewhere.

Mr. MACKENZIE KING: May I ask my hon. friend when that statement was made?

Mr. COLDWELL: Well, I might withdraw the words that a statement was made; in fact I do not think I used those words. But, last year, again and again the hon. member for Winnipeg North Centre asked what the foreign policy of this government was, and again and again we had no indication of it. The same thing has occurred this year; we have no indication of that policy. Yet day after day I read in the press of their frank discussions of policy at Westminster.

Mr. MACKENZIE KING: May I say to my hon. friend, seeing he has referred to it, that I think he will recall that last session I made a very comprehensive statement with respect to the foreign policy of the present administration. I think he will also recall that at the present session I said our foreign policy had not changed in any particular from that set forth comprehensively last session. I believe I also said that I hoped every hon. member would feel free to discuss just as fully as he might wish the question of foreign policy in this house, but that when it came to statements by the government, these had to be made, having in mind the government's full responsibility for its every utterance in the light of conditions as they are known to be.

Mr. COLDWELL: I appreciate the explanation of the Prime Minister, and I accept his statement. May I direct his attention to the fact that all across the country in many of our leading papers, representing all shades

of thought, the statement is continually made —and I sympathize with it—that we have no clear cut understanding in this house or this country as to what policy the Prime Minister really has in mind.

Mr. MACKENZIE KING: That is not the fault of the government, and may I say one other thing. I think all hon. members of the house will see, if they look at Hansard, that for nearly two months I have been trying to have an item in external affairs taken up so that I might have a chance again this year to place before the house a comprehensive statement with respect to foreign policy. I wished to do that before the Minister of National Defence brought in his estimates. The minister's estimates have been proceeded with ahead of mine for the reason that if the expenditures are to be made, and made to the greatest advantage, they ought to be made very soon. On that account the minister has not been held back. But, as the records will show, for two months I have consistently asked for a chance to bring external affairs before the house. Personally I wanted to have the matter off my mind before the Easter vacation, but I am afraid that will be impossible now.

Mr. COLDWELL: I think what the Prime Minister has said is quite right; he has intimated to the house that he would like to introduce an item with regard to external affairs. But may I point out that we are not in control of the house; the government largely decides what business shall be taken up from day to day.

Mr. MACKENZIE KING: May I say to my hon. friend that what has prevented me from doing so for longer than three weeks has been the amendment to the motion to go into supply.

Mr. COLDWELL: May I remind the Prime Minister that we have gone into a number of departments already; post office, national revenue, public works and others, and I think ample opportunity has been afforded to go into the Department of External Affairs had the right hon. gentleman so desired.

The hon. member for Essex East took exception to our saying that these estimates implied certain commitments. He asked this question: Against what countries are we committed to prosecute a war of aggression? He referred to some nations which he named, and said:

> The hon. member has a responsibility as a member of parliament, and in his sincere approach to his problem I think he should be in a position to give an answer to a question of this kind.

The hon. member for Vancouver North is neither the prime minister nor the minister of national defence. If he should be expected to answer the question as against whom we are committed to prosecute a war of aggression, how much more should the members of the government be prepared to answer the question: for what purpose are these defence plans being executed or from whom may we expect aggression? I would expect an answer to the latter question much more than my hon. friend should expect the hon. member for Vancouver North to answer his question. So far, as I have said already, in my opinion we have not had an adequate answer. Again I say the defence plans must be based on a definite foreign policy, and again I ask what is that policy. Surely the government can tell us whether it is a purely British Empire policy designed solely for the development and protection of empire interests; or a policy purely of north American isolation, with Canada living strictly apart from world conflicts, commerce and considerations; or a league of nations policy based upon loyal support of collective security for the maintenance of world peace; or that of a purely autonomous state endeavouring to relate its individual policy to the other three I have named. If the last is the case we should tell the British people and the world just where we stand; for in Great Britain there are many who believe that the Prime Minister was correctly quoted when the British papers alleged that he said at Paris that any threat to England would immediately bring Canada to her side. I have that report here, appearing in the Daily Sketch of July 3, 1937. I hope when the Prime Minister speaks—as I hope he will speak—he will tell us and Great Britain and the world exactly what he said; and, what is more important, exactly what the words really imply.

Mr. MACKENZIE KING: If my hon. friend would like me to do so I shall give the facts right now. I have before me a communication which I recently received from Mr. George Hambleton, who is well known to all in this house as a former member of its press gallery and the correspondent of the Canadian Press in England. Mr. Hambleton was present at the meeting in Paris at which I spoke, and he took down verbatim what I said in shorthand notes. Some time ago, I wrote Mr. Hambleton and asked if he still had his notes and if he could send me a

verbatim account of what I said at the time. He replied to my communication as follows:

Boismuir,
Chiltern Rd.,
Amersham, Bucks., Eng.
Feb. 14, 1938.

Rt. Hon. W. L. Mackenzie King,
Prime Minister,
Ottawa, Canada.

Dear Mr. King:

On my return from Ireland, I looked up my shorthand notes of your Paris speech of July 2, 1937, and enclose verbatim transcript of the passage at issue. You will notice that, in one or two places, it differs slightly from my cable to the Canadian Press but the differences are not material. They are due to my having to prepare a cable summary quickly.

My shorthand notes do not cover the entire speech verbatim but they are verbatim of the material passage. I have transcribed the material passage as I took it down at the time, with the preceding and following paragraphs.

I also enclose clipping of New York Times report of the speech, supplied to the Montreal Gazette. It generally bears out my own cable. Both the independent report of the New York Times and my own notes are at obvious variance with the version published in London.

With kindest regards,
Sincerely yours,
G. Hambleton.

The account of my speech as transcribed by Mr. Hambleton from his notes is given by him as follows:

Mackenzie King at Paris—July 2, 1937.

"Mr. Lapointe and I have just returned from the imperial conference. There, around one table, we had together the representatives of different governments of the British Empire. I know that, to many people on the continent of Europe, it may seem that because we come, in this way, representatives of different governments and have our legations as we have in Paris side by side with the British embassy, that this is a note indicative of a desire on our part to go off on our own and possibly to separate in some way from the British Isles themselves. People who have that view mistake entirely the real bond that holds the peoples of the British Commonwealth. Freedom is the essence of our life within the community of British nations. We like to manage our own affairs. We share with other parts of the empire in discussing questions of mutual interest. The fact that we have our own representation in several countries is an evidence of that liberty and freedom which above all else we prize and were it imperilled from any source whatever would bring us together again in preservation of it.

"We are glad to have the opportunity of taking even a small part in this great co-operative effort on the part of the government of France to help to show to the modern world the development of arts and crafts in their application to modern life . . ."

Such is the transcript of his notes, as taken down by Mr. Hambleton. I have here the report which was sent at the time by Mr. T. J. Philip, another correspondent, by wireless to the New York Times. This is the report of what I said in Paris as published in the New York Times and also in the Montreal Gazette:

King Holds Canada is World's Friend.

No country more fortunate in foreign relations, premier avers.

Opens Pavilion in Paris.

Says Empire's Units are Independent but Determined to Keep Freedom Jointly if Necessary.

Paris, July 2.—Opening the Canadian Pavilion of the International Exhibition here to-day, Premier W. L. Mackenzie King said that no country was more fortunate in its relations with other countries than Canada. He had just attended the imperial conference at London where all associated dominions of the British Empire met together with the mother country in perfect freedom and independence but united in a determination to keep their freedom jointly if necessary. With the United States Canada lived on most cordial terms of good neighbourhood and between Canada and France there was a sentimental link which would never die.

Canada, he said, was proud to take a small part in the exhibition which was designed to show how the peoples of every country lived by the genius and effort of men of all races, and how essential each nation was to the other.

Then, reference is made to some observations of my colleague, the hon. member for Quebec East (Mr. Lapointe).

The Ottawa papers carried a report of what I said at Paris. The report appearing in the Ottawa Morning Citizen of July 3, 1937, is headed in these words:

Mackenzie King Discusses Trade Treaty at Paris.

This is a Canadian Press dispatch, via Havas, and reads:

The Prime Minister, arriving from his visits to German and Belgian leaders, officially opened the pavilion with its exhibits of Canadian industry, agriculture and mining.

He stressed the close bonds of sympathy and mutual understanding linking Canada with France, and warned his hearers to beware of any false interpretations of empire unity.

Anyone who believed that the fact Canada had her own legations in certain countries was an indication "of desire on our part to go off on our own and possibly separate in some way from the British Isles" was mistaken, he said. "People who hold that view mistake entirely the bond that holds the peoples of the British Commonwealth" he said. "Freedom is the essence of our life within the British Commonwealth. We like to manage our own affairs."

But, he added, the fact "we have our own representation in other countries is evidence of that great liberty and freedom which, above all, we prize, and were it imperilled from any source whatever would bring us together again in preservation of it."

I believe the Ottawa Journal contained the same dispatch, and I have read the dispatch from the Montreal Gazette. Then I have also here the report from its own correspondent to the London Telegraph. The article is headed:

Liberty as Basis of Empire Unity; Canadian Premier's Speech in Paris; An Example for Europe.

It states:

Mr. Mackenzie King, Prime Minister of Canada, inaugurating the Canadian pavilion at the Paris exhibition this morning, held up the British Empire as an example to the world of tolerance and understanding.

In an impromptu speech, he said that his visit to the coronation and his participation in the Imperial conference had convinced him more than ever of the value of freedom to the world.

Liberty, he said, was the bulwark of the British Empire. While the motherland and each of the dominions remained free, men of good will came together from time to time, talked over matters of mutual interest, and thus strengthened the union of the British Commonwealth.

His visit to the continent, he continued, had convinced him that men of good will in every country could follow this example and talk over their differences. People in Europe would make a great mistake if they concluded that, because various dominions had their own foreign legations, they lacked unity. On the contrary, this was but an example of their common freedom.

Those are all dispatches from different correspondents as to what I said, and they are in accord but differ from the one quoted by my hon. friend. There is the dispatch from our own correspondent in London who went to Paris to be present at the opening of the pavilion, the correspondent to the Canadian press. I think most hon. members know Mr. George Hambleton, and must know how accurate he would likely be in any report he would send. Mr. Hambleton still has his shorthand notes, and no doubt would be prepared to produce them at any time or place if that were desired. A correspondent to the New York press gives his version, which agrees with that of Mr. Hambleton, and the version of the correspondent to the London Telegraph is also in accord with Mr. Hambleton's. The other report which appeared and to which my hon. friend referred, is not in accord with any of these, and contains words which I did not use.

The context makes quite clear what I was speaking about at the opening of the pavilion. I was referring particularly to the significance of legations. I spoke of legations in that way because I was speaking in the presence of Mr. Brugere, the then French Minister to Canada and also in the presence of the British Ambassador. In some parts of Europe there would seem to be a deliberate effort on the part of some to have it appear that because Canada has her own legations in different countries, in some way or another she is desirous of separating herself from relationships with other parts of the empire.

My contention has always been directly the opposite. I have contended and believe that the bond which unites us and keeps us united is the bond of freedom of which complete autonomy is one expression, and autonomy which in Canada we enjoy in relation to foreign affairs, as well as with respect to domestic affairs. That was the point I brought out. My observations were made in the presence of my colleague, the Minister of Justice (Mr. Lapointe) and the hon. member for Bellechasse (Mr. Boulanger) who was Canadian commissioner at the exhibition, both of whom were on the platform at the time I spoke. They both heard my remarks, and both have since told me that neither of them had heard anything which could be construed after the manner of the dispatch the hon. member has just quoted. They did, however, hear me say what has been quoted in the dispatch of Mr. Hambleton and regarded it as wholly appropriate to this occasion. I have not gone out of my way to deny erroneous reports for the simple reason that I did not wish, by having people speculate on the meaning of this or the meaning of that, to embarrass the situation in Europe any more than was necessary. Sometimes it is just as well to let matters alone even if one has personally to suffer because of it. If any good purpose could have been served by making a restatement at the time, I should have made it. To have taken exception to the statement at the time might have given a significance to my words which in some quarters might have been still more misleading. I hope, however, that what I have now placed before the house will be sufficient to indicate exactly what was said and exactly what was meant.

Mr. COLDWELL: I would say simply this, that had the Prime Minister made a simple statement as to just what he had said and meant, I would have accepted it, without further evidence. I imagine the words which were interpreted in the manner I have indicated in some newspapers would be the words, "if that liberty were threatened it would bring us together again." No doubt the construction placed upon those words by some correspondents was the construction we have heard.

Subsequently, I believe it was on July 9, addressing a Conservative meeting in London, Mr. Chamberlain referred to the "remarkable speech given by the Canadian Prime Minister, Mr. Mackenzie King, at Paris" and he quoted the press dispatch. That, I believe, was the construction which was placed generally upon the dispatches which appeared in the British papers. I am glad we have had the explanation placed before the House of Commons and the country to-day.

Both the Minister of National Defence (Mr. Mackenzie) and the hon. member for Essex East deny that in the event of war we are committed. I wonder if they will state that when Great Britain is at war Canada can remain at peace. May it not be more realistic to admit that whatever the constitutional position may be, Canada's desire for freedom of choice would not, in all probability, be honoured by a belligerent enemy of Great Britain. If that is realistic, then would not a straightforward, concrete, downright Canadian foreign policy be a step in the direction of real world peace? We believe that, and that is why we are insistent that such a statement should be made before we are asked to support military, naval and air force estimates. We felt a year ago—indeed the estimates subsequently presented confirmed the analysis made by my colleague from Vancouver North—that Canada's program was closely linked with the policy of the British national government. I make a distinction in my own mind between the British national government, the present government of Great Britain, and the aspirations of the British people. We said a year ago that we distrusted their policy because it implied a desertion of the principles of the League of Nations and of collective security. I think everyone will agree that the events of the past year have proved that our fears were amply justified, and the recent resignation of the foreign secretary of Great Britain makes that more abundantly clear than it was before. As was stated by the hon. member for Essex East, the past months have been to many of us—I include myself—months of sad disillusionment. We believe peace can be maintained by a league of nations, a league reconstructed and reconstituted. But to that belief the policies and pronouncements of the national government have given blow after blow, until a short time ago Mr. Chamberlain shattered that ideal almost completely; at least for the time being.

We can no longer dismiss the fact that that for which the great war was said to have been fought has been lost. Great Britain declared through the lips of its war-time prime minister, Mr. Lloyd George, that the world must be made safe for democracy, but twenty years after we have another prime minister trying to placate the dictators who have destroyed democracy in their own countries and whose minions are prepared to destroy freedom throughout the world.

Canada is still a part of the British commonwealth. It is the senior self-governing dominion. Are we content, as it were, to simply follow along with the policy now being followed in Great Britain? If we are not, then I think we owe it to ourselves and to the British people to say so before the die is cast. Unless we do that, in the eyes of the enemy nations at least, when Britain is at war we shall be at war. As my colleague, the hon. member for Vancouver North, said the other day, this parliament may be faced some day with the accomplished fact of war.

It is well known that a large and influential section of the British governing group never liked the league and have never really been loyal to it. I believe that the uncertain attitude, if I may put it that way, of Canada, in relation to sanctions from time to time rather played into their hands. I do not think that any government in Canada wished to play into their hands. I should like to say that I believe a little more courage on the part of the Prime Minister of Canada during recent years would have done much to persuade the British government to stand by the league. The British people, through the peace ballot, and by their attitude toward the Hoare-Laval controversy and the Eden incident proved their faith in the league and collective security.

Mr. MACKENZIE KING: Does my hon. friend think the government should have had a policy of applying sanctions which would have involved military sanctions?

Mr. COLDWELL: This government did agree to the institution of sanctions against Italy.

Mr. MACKENZIE KING: Economic sanctions.

Mr. COLDWELL: Economic sanctions. Subsequently we withdrew ourselves from an advocacy of oil sanctions. My contention is that if the peace of Canada and of the world were endangered by one kind of economic sanctions, against minerals for example, then it would be endangered by all kinds of economic sanctions. We assumed some and we disallowed another.

Mr. MACKENZIE KING: Should this government have insisted on oil sanctions being imposed at that time?

Mr. COLDWELL: Having agreed to some sanctions being imposed, the most important of all sanctions, oil sanctions, ought to have been agreed to. It may be argued that that would have led to war—

Mr. MACKENZIE KING: I am sure it would have.

Mr. COLDWELL: I disagree with that statement. As a matter of fact the recent book by the Italian General, De Bono, in which he discusses the entire Ethiopian affair, indicates quite clearly that had oil sanctions been applied he expected to have received orders to stop the Ethiopian campaign where he was. I think that that is the impression that is quite widespread across the world. The Prime Minister has a different opinion, but my opinion is that which I have just stated.

I believe that in Great Britain the attitude of the Labour and Liberal parties truly represent the heart of Britain. British liberalism is still true to its democratic tradition, and through the lips of its leaders, Sir Archibald Sinclair, and David Lloyd George, it joins with Clement Attlee of the labour movement in denouncing the repressions and hypocrisy of Hitler and Mussolini. Thus the Liberal and Labour parties in Great Britain follow the tradition of that British liberalism which demanded years ago the ejection of the Turkish oppressors from Europe bag and baggage. That demand did not lead to war. I believe that the famous phrase "bag and baggage" was used by Gladstone in connection with the Turks and Turkish atrocities sixty years ago. How far Canadian Liberalism is removed from the historic liberalism which gave it birth its present policies mutely testify.

Canada is my home and my country, the land in which my children were born and in which I hope they will live. I have a deep affection for the land which gave me birth and education. I am of its people, bone of their bone, flesh of their flesh. But when my overseas kin elect and support a government whose policies are a dark betrayal of the democratic ideals which I regard still more highly, then I think it is my duty to urge that we tell them in no uncertain terms that we shall not stand for the type of policy which has been pursued and which I believe will eventually bring about the loss of democracy throughout a large part of the world. For these policies we in Canada must assume no responsibility. However, due to the breakdown of the League of Nations, we in Canada are compelled to consider some measures of defensive rearmament. To that, in so far as they are defensive we in this group offer no objection; for the international scene has changed, and for the worse, since last year.

We insist also that in the light of recent events our government should make a clear statement regarding Canada's foreign policy, a statement that will leave no room for doubt in this country, in Great Britain and throughout the world. It should in my judgment be a policy wholly and completely independent of any understandings there may be between the national government and the European dictators. I believe the Prime Minister will agree with that. Until the British people have elected a government that is sincere in its attachment to collective security, we must pursue our own course, a course which looks first to the interests of the Canadian people, a course that will satisfy a democratic and freedom loving people.

By a striking coincidence, on the very day that Mr. Chamberlain deserted European democracy a United States cabinet minister, Mr. Secretary Wallace, broadcast a message to the British people. He said in part:

> Totalitarianism, either of the right or of the left, is alien to the spirit that dominates the English speaking democracies of the world.

He continued:

> Totalitarianism is subversive of the ideals upon which our democracies are founded.
>
> Those of us who continue to believe that it is better to be governed even badly by ourselves than to be well governed by others must be increasingly alert, especially against insidious fascism. It seems to me that fascism constitutes the greatest threat in the world to-day.
>
> To my way of thinking, fascism is a retrograde movement. It means a turning back of the hands of the clock. It means that liberty to live one's life, with only such restrictions as are necessary in order to assure the equal liberty of others, must be surrendered to a dictatorial power which will think and act for all.

He added that humans become economic and political robots under a fascist state, and must release "all the barbarities of super-savage modern warfare upon unoffending peoples" at the mandate of a dictator. He asked for cooperation by democracies of the world to prove the effectiveness of the principles upon which their plan of government is founded. He went on:

> Certainly, with the fascist countries of the world drawing closer and closer together in an ominous and bodeful phalanx it behooves

America and all other democratic nations to prove that under a democratic form of government the highest political liberty as well as the greatest economic security not only can, but will, be provided.

These words of the United States Secretary express also, I am certain, the sentiment of the overwhelming majority of the British and Canadian peoples. Yet the policy at least of the motherland to-day, in my opinion, is being directed by those who have strengthened fascist dictators who have released all the barbarities of supersavage modern warfare upon unoffending peoples without their borders. To me the blood of primitive Ethiopians cries aloud against it, and the wailings of Judah echo across the world in protest. Surely civilized peoples everywhere stand aghast at the barbarities recently perpetrated in Barcelona.

In common with other small nations Canada has everything to gain by the building up of a strong League of Nations. It is true that in order to achieve real collective security the pooling of sovereign rights under certain circumstances, as the member for Essex East has indicated, may be essential. The attitude of Canada in the past has not been conducive to the strengthening of the league. As I said a few minutes ago, in my opinion our attitude in connection with the Ethiopian affair and the institution of oil sanctions was in no small measure responsible for a league weakness at that time. The Prime Minister has argued that this might have led to war. We have already discussed that possibility.

But what is of more interest to us now is what, if anything, has Canada said to the British government recently. Have we tacitly or silently endorsed the destruction of the league by the present government of Great Britain? If not, do we still adhere to the League of Nations covenant with the reservations we have made from time to time? If we do, then what is our relationship to present imperial policies? I think these questions ought to be answered in the course of this or subsequent debate. The Prime Minister of Great Britain has stated in the house that the dominions have been consulted and that to some extent recent pronouncements in regard to Czechoslovakia are in part due, it is said, to the attitude of the self-governing dominions.

Mr. MACKENZIE KING: Consulted, did my hon. friend say?

Mr. COLDWELL: Yes, consulted.

Mr. MACKENZIE KING: I do not believe the Prime Minister of Great Britain has used that word. I may be wrong, but my recollection is that the Prime Minister said that we had been kept informed of what had taken place. But that we had been consulted, or that any advice had been given by the government, was not, I think, suggested.

Mr. COLDWELL: I think in certain press dispatches the word "consulted" was used. I know that when I was thinking of what I was going to say I took that word "consulted" from one of the dispatches. But if the right hon. gentleman says that that is not the word that should have been used, I take it that the government has been kept informed, and if there has been any actual or implied advice with respect to that information I think we should be given to understand what that advice may have been, if any has been given.

Mr. MACKENZIE KING: I can assure my hon. friend right away that no advice has been asked and none has been given by the present government.

Mr. COLDWELL: I am glad to get that assurance. The purpose of my suggesting that a statement should be made was that we might get such an assurance, and I am very glad indeed to get it.

It seems to me, then, that the world is now faced with two alternatives: Either for members of the league to go to Geneva, meet there and declare that they will join in resisting any new active aggression by whomsoever offered; or for the democratic powers to declare that they will resist any aggressive action against Czechoslovakia or any others of the smaller nations so threatened. These are desperate alternatives, and in the present condition of the league it is unlikely that league action will be taken or, I fear, that the democratic powers will act in unison. To my mind the best thing Canada can do is to exert all the pressure possible for the reorganization of the League of Nations and for effective security by these means.

As I said before, we should assume no responsibility for the effects of the disastrous policies of the present national government of Great Britain, and a pronouncement to that effect would, I believe, have a wholesome influence upon the people of Great Britain and would be an excellent antidote to statements made by expatriated Canadians, like Beverley Baxter, who arrogate to themselves the right to speak for this country at Westminster. In the meantime, and until the situation is clarified, Canada should confine her defence program to such arms as would protect our ports against sporadic raids; for all military authorities and the Minister of National Defence agree, as he did the other afternoon, that

invasion of Canada is a very remote contingency. To the extent that military and naval estimates are based on the policy I have outlined I think the house this year should support them, but of course they should be scrutinized closely to ensure that they are not in preparation for a war which would not be in the interests of democracy and which might even fasten the evils of to-day on the generation of to-morrow.

I have somewhat exceeded the time I intended to take, Mr. Chairman, but I should like just to add this, that I believe all across Canada men and women are looking anxiously to this parliament to-day for a lead in relation to this problem. Fear of war is widespread. Canada is a peaceful and a peace-loving nation. We are far removed from the seat of any general hostilities that may arise. We do not desire to arm ourselves for any war of aggression. I have taken in the past an attitude that might almost be described as that of a pacifist. In the light of the conditions that face us to-day I am prepared to support that which is essential to the defence of our democratic institutions. But I want to be positively assured, before doing anything of the kind, that that is exactly what is implied by the estimates. I view with some misgiving the analysis which has been made by the hon. member for Vancouver North, in which he argues the indications are that the program is built upon the idea, which is held by many of our leading military men, that in the event of war we should be compelled to send an expeditionary force abroad. I think that idea should be dispelled completely. I am quite confident of this, that a large number of the young men of this land will refuse to bear arms in a cause in which they feel they have no interest. I have moved among many young people in the last few years, and I know that there are large numbers of them who, looking at the condition of their own fathers who fought in the great war, and seeing that nothing has come to them but disillusionment and misery, do not intend to be drawn into such a war if they can avoid it. So, in speaking to these estimates, I simply wish to say before I sit down that in my opinion Canada, as a nation at present apart from the streams of hates and fears that bring war in other parts of the world, can, if it will, through the means of an effective league of nations and the fostering of the ideal of collective security, exercise an influence towards a greater measure of peace than, perhaps, the world has ever known.

Mr. J. H. BLACKMORE (Lethbridge): I fail to see how anyone can seriously disagree with any of the fine sentiments so well expressed by the hon. member for Rosetown-Biggar (Mr. Coldwell) and the hon. member for Essex East (Mr. Martin). I am sure we all agree that nobody in Canada wants war. I am sure we all agree that we are prepared to do anything to protect democracy. I believe there is a widespread feeling throughout the dominion that we should be prepared to make our share of the sacrifices which are necessary in case democracy is threatened.

We find, however, that we are greatly handicapped because of lack of knowledge of conditions as they are. I have wondered whether, if we were all in the position of the Prime Minister of Great Britain and knew all that he knows, we would be quite so certain as to whether he was making a mistake or not in each move that he makes. That has impressed me in discussions in the press or among people on the street. I find that whenever I am confronted with a situation about which I know practically all the details, I am often considerably at a loss to know just what to do. For me, therefore, to presume to say just what a man ought to do in a set of circumstances of the details of which I know practically nothing, is something to which I would hardly like to commit myself. Consequently, I am inclined to leave the management of Great Britain pretty much to the government which is charged with the responsibility for taking care of Great Britain's welfare. They may be wrong; they may be right. I find it sufficiently difficult for me to say just what Canada ought to do.

In the first place, with all other Canadians and, I believe, British people throughout the world, I am unalterably opposed to war. So are all social crediters. I think there is not an individual in this chamber who is not opposed to war. In order to clarify the minds of men in so far as they find themselves at all interested in the attitude of social crediters generally on the question of war, perhaps it will be well for me to make a few statements so that people within the chamber and without will know what we think and why we think it.

Major Douglas is, of course, the great leader of the movement. Consequently, his pronouncements are looked upon with considerable respect by all followers of social credit. He has advocated, consistently and earnestly, patiently and long-sufferingly, such a course of procedure as would be most likely in his opinion to prevent the people of the world from becoming involved in war. The first time I knew of social credit I read a statement wherein Major Douglas had said that unless the policies he advocated were adopted,

the world would be inevitably plunged into war of a most devastating and universally destructive nature. He therefore urged as far back as 1923 that we change our economic system with the object in view of removing the causes of war.

He has done a great deal along this line. When he was out in Alberta in 1934, he used this potential danger of war as one of the greatest motives for our becoming interested in a new economic system. I should like to read a few short excerpts from a radio broadcast which Major Douglas delivered over the British Broadcasting Corporation system in November, 1934. In these excerpts he is not stating the causes of war; he has assumed that the causes have been neglected and that the patient is about to come down with the disease. He is telling us what to do about it. That is about the situation with us. We have not taken precautionary measures, whether we foresaw the danger or whether we did not. We are about to come down with the malady, and the question is, What to do about it all?

Major Douglas, says, first:

I have no interest, direct or indirect, in the armaments industry, but I am fairly familiar with big business, and I do not believe that the bribery and corruption, of which we have heard so much in connection with armaments, are any worse in that trade than in many others.

That is a significant statement, considering one of the great motives which have been heralded far and wide and laboured throughout the country, bearing upon the question of war.

Again he says this, and here he sets forth, by implication at least, the causes of war which he has laboured to remove:

So long as we are prepared to agree, firstly, that the removal of industrial unemployment is the primary object of statesmanship, and secondly, that the capture of foreign markets is the shortest path to the attainment of this objective, we have the primary economic irritant to military war always with us; and moreover, we have it in an accelerating rate of growth, because production is expanding through the use of power machinery, and undeveloped markets into which surplus can be poured are contracting.

That, I fancy, is perhaps the most significant remark we shall hear this day. At another place he says:

In the first place, I believe it to be, while the present financial system persists, merely sentimental to suppose that a weak nation, particularly if it be also a rich nation, is a factor making for peace. Quite the contrary. It is as sensible as if it had paper walls.

That sets forth, as well as it could be stated, my own attitude on the question of defence for Canada. I have always felt that if you wish to be free from war, it is a good thing either to be strong enough yourself or to be a member of a combination which is strong enough to make an attack on any of its members exceedingly dangerous.

A similar idea was advanced by the hon. member for Rosetown-Biggar when he advocated collective security. I am an ardent advocate of collective security, but I wish I knew with whom to "collect." And when I am "collected" with them, I should like to know exactly who would call on me to act, and upon what provocation; what kind of response he would expect me to make when he called upon me; where and when he would like me to make it, and a wide variety of other details.

Mr. MACKENZIE KING: And what the others would themselves be prepared to do.

Mr. BLACKMORE: I am glad the Prime Minister (Mr. Mackenzie King) reminded me of one important question I forgot. Yes; I say that too. I have been a most earnest student of this matter of the League of Nations, collective security and all that kind of thing. I may be a little simple; but I have found a number of people who seem to be most ardent advocates of collective security, rather disposed to scorn the other members of the British Commonwealth of Nations, who as far as I can see with my limited vision ought to be the most likely people with whom we could "collect" for collective security. I grant that is only the view of an extremely unimportant layman, but in my blundering way I cannot help reaching some such conclusion.

I continue with another quotation from Major Douglas:

International bankers are, almost to a man, strong advocates of national disarmament—

That is a weighty remark. If that is true, it constitutes a sort of handwriting on the wall.

—but their bank clerks, alone amongst civilian employees in this country, are armed with revolvers, and the strength of bank premises compares with that of modern fortresses.

I have weighed those words often, and the more I think about them the more I become inclined to national defence. Again he says:

Strength unaccompanied by a motive for aggression is a factor making for peace.

Those words express exactly my opinion. If, then, the Dominion of Canada wishes to be a factor making for peace, above all things let the Dominion of Canada be strong.

The question then arises, What constitutes strength? Strength does not lie in armaments

or in large standing armies. This truth has been demonstrated many times in the world's history. Strength has its home in the strong hearts of a brave, contented people who feel that their country is a land to love. We in Canada to-day, I regret to say, have not so managed our economic life as to render our people contented and happy. We have not been able to accord to those heroes whose blood was shed and whose health was sacrificed in the last war, that measure of comfort which we wanted to accord to them. The result is the very state of mind which the hon. member for Rosetown-Biggar outlined, when our youth of to-day contemplate the possibility of going to war. We as social credit people say, and I am sure all hon. members agree, that it is our first duty to make Canada prosperous and economically sound, so that her people may be inclined to love her and ready to die for her as they were in 1914.

But in our modern day if we do not have, in addition to a strong, happy and contented people, the armaments which will enable us successfully to cope with those vast destructive machines which have been perfected, ready to be directed against us, our people are thrown under such a dreadful handicap as to render exceedingly doubtful the possibility of their emerging successfully from a conflict. Consequently, we need both a strong and happy people and adequate defences.

Much of what I am going to say pertains to how to finance these defence estimates. Trusting that my fellow members of the committee will continue to exercise that kind patience which they have thus far exercised, I am going to speak once more about a way in which we can raise money without drawing it from the very lifeblood of the people of this country, without depriving them of the relief and assistance of which so many of them are in desperate need. The Minister of National Defence (Mr. Mackenzie) occupies a position which many times has made me feel the deepest sympathy for him. Before his election he was reported in the press as having said—and from my knowledge of the hon. gentleman's sincerity I am sure he meant it—that he would favour the creation of $500,000,000 of new money. The hon. gentleman meant that. With the character which I have come to believe the hon. member possesses, I doubt very much that he would have stood for election unless he had assurance that his promise was possible of fulfilment. Consequently, he felt that there was a possibility of creating new money with which to finance any project which might be found by the government to be desirable. May I revert to his own beliefs, which he expressed and which I am sure he still holds.

The CHAIRMAN: I would point out to the hon. member that he is out of order. He should confine his remarks to the estimates of the Department of National Defence, and particularly to the item No. 180, which is under discussion.

Mr. BLACKMORE: Thank you very much, Mr. Chairman. I believe it will be found that the main point of discussion in this parliament with regard to these estimates will be the cost, the ways and means of financing our defence. Therefore, I feel it is perfectly in order for me to discuss the ways and means of financing the defences of this country. If we could not find that money, I would say there would be no use in talking about defences at all. So with your permission, Mr. Chairman, and with the hope that you will inform me if I deviate too far from the course I have laid down, I shall proceed to discuss the ways and means of financing these estimates.

Mr. MACKENZIE KING: According to my hon. friend's own words, what he wishes to discuss ought to be said, if at all, in committee of ways and means, not in committee of supply. He says he wants to talk about ways and means now, and this is not the time for that.

Mr. BLACKMORE: I speak subject to being called to order, and if I am not in order I do not wish to discuss the point; but virtually every resolution we receive from Alberta—and that, of Canada's nine provinces, is the one which we represent—says either to oppose defences or to ask that the defences be financed by national money, so that the cost will not have to be deducted from the amount the government spends for relief and other projects. So whether or not we should support defences would depend in large measure, as the Prime Minister will recognize, upon how those defences are to be financed.

Mr. MACKENZIE KING: I only point out to the hon. gentleman that there are two main committees of the house, one of which is constituted to deal with supply and the other with ways and means. At the present time we are in committee of supply. My hon. friend says he wishes to discuss ways and means, and I say he is out of order. When the house is in committee of ways and

means will be the time to consider whether or not he is in order in discussing what he has in mind. Certainly he is not in order in discussing ways and means when we are in committee of supply.

Mr. STEVENS: Surely the Prime Minister is not going to suggest that when this committee of the whole is considering voting supply to the government, that is, authorizing the government to spend money, it is out of order for an hon. member to question the government as to the source from which it expects to obtain the money for the particular project, whatever it might be.

Mr. MACKENZIE KING: The question of the source is dealt with in the committee of ways and means. That is what that committee is for.

Mr. STEVENS: What I wish to submit to you, Mr. Chairman, before the final ruling is made, is this: If the rules of the house are interpreted in the narrowest sense, obviously fair discussion cannot proceed. It has been the history of the British parliamentary system that rules are fairly generously interpreted; otherwise we could not possibly conduct a discussion. There is scarcely a moment we sit here when we could not raise a narrow point of order, but the Prime Minister surely cannot press the point that because the hon. gentleman is about to analyse some suggestions made by the Minister of National Defence with regard to ways of raising the money which he wishes to apply to this particular project, he is to be precluded from carrying on that discussion. For the sake of fair and free discussion I would urge the Prime Minister not to press that point of view to the extent of having a ruling made upon that narrow point.

Mr. MACKENZIE KING: I think the committee will recognize that I desire to have the discussion just as free as possible, but I should like to have it in relation to the estimates under consideration, not with relation to monetary theories which is another matter altogether. We spent two or three weeks discussing the question of social credit, and now my hon. friend is quite frank about his purpose, much more so than his supporter at the moment, may I say. The hon. gentleman says what he wishes to discuss, and it is not to analyse some suggestion of the minister, which is what the hon. member for Kootenay East has just said. Quite frankly, in his own words, the hon. member has said it is the subject of social credit. Social credit does not enter into this discussion at all. The hon. gentleman referred to how the money is to be raised to make good this supply; the words he used were, the ways and means in which the money is to be raised. The ways and means by which money is to be raised is a matter for the other main committee of this house, namely the committee of ways and means. The present committee discusses what supply, if any, is to be voted and determines that matter. The committee of ways and means discuses the ways and means in which the money is to be raised with which to provide the supply. I cannot think of anything that could be plainer than that. All that pertains to ways and means is entirely the work of a different committee.

The CHAIRMAN: Does any other hon. member wish to speak to the point of order? In my opinion the point of order raised by the right hon. Prime Minister is well taken. As he has pointed out, we are in committee of supply, not in committee of ways and means. There has been a long debate which ended yesterday, in regard to social credit, and in my opinion the hon. member for Lethbridge was out of order when he followed the line he did in regard to monetary matters. Therefore, I would ask him to be good enough to confine his remarks to the resolution which is under discussion in relation to national defence estimates.

Mr. BLACKMORE: Of course we are new to the game and we do not know about all these things, but from my observation of what has been done in the house I would be inclined to think that what the hon. member for Kootenay East said was about right.

Mr. STEVENS: The strict rule has been violated a thousand times.

Mr. BLACKMORE: After all, what I was discussing was the suggestion made by the Minister of National Defence before the election. Certainly I do not believe he would call that social credit, but I bow to your ruling, Mr. Chairman, and will refrain from any discussion of this kind.

Mr. STEVENS: You are abandoning the social credit tendencies of the Minister of National Defence?

Mr. BLACKMORE: Yes. Mr. Chairman —and I assume I am in order in saying this, repeating what I said a moment ago to the Prime Minister—there is gathering in this dominion a tremendous body of opinion which would oppose national defence on this very ground. Dealing with the question of having a strong, united and happy people, I would say that unless a change of means of financing

is made, there will develop in this country a greater and greater indisposition to support defences, an indisposition which may reach the point where the unity of this country is gravely endangered. I think I can safely say that without discussing what should be done.

Throughout Canada to-day there are great numbers of people on the verge of sickness from privation. No hon. member will question my statement that in this country there are thousands of men who served overseas for four years in the last war, who to-day are deprived of the very necessities of life. They have reached the point where they are almost in despair, and it is utterly impossible for them to find work or to enter into any kind of business through which they could support themselves.

The youth of the land see these men in towns and cities. I ask this question: Of what value is it to the youth of my home city of Lethbridge to go into Galt Gardens and see a splendid monument to those men who served overseas and, on the very benches not more than fifty feet away from the monument, see the remnants and wrecks of that war in clothes as shabby as would be found on any man in the city. On their faces are the most hopeless and despondent looks. Still they bravely stand up and face the world, with their chins up, "packing all their troubles in their old kit bags," as they did so heroically for four years.

If that condition continues to exist, and to be accentuated in Canada, to the extent to which the making of this country weak will risk the safety of democracy, just to that extent the government in power will be responsible for weakening the defences of democracy. I think no one can safely question that assertion. People not only in Alberta but in all the other provinces are beginning to feel very bitter about this condition. Therefore, I felt I would be quite in order if I were again to urge most earnestly the reasons why we need not take the dollars to be spent on armaments and to be spent on various devices necessary to making this country strong, from a military standpoint, from what has been devoted to the support of those who, through no fault of their own, are suffering.

However, I bow to your ruling, Mr. Chairman, and to the wishes of the Prime Minister and shall take some other opportunity to make my observations. But, just as sure as we are sitting in this chamber, this question of change of money policy must be met and it must be answered. It cannot be sidestepped indefinitely. One reason I thought it would be perfectly safe to discuss the matter was that the hon. member for Selkirk (Mr. Thorson) last year made a most superb contribution to the discussions in the house when he pointed out the colossal debt which had resulted from the past war, and indicated to the people of Canada the sort of absolute impossibility they would face if they should be plunged into another war of relatively similar proportions, with no means of financing it other than those used in the last war.

I conclude by saying, first of all, that we oppose war as do all hon. members in the house. We believe that the causes of war are economic. I grant that there is among some peoples a desire for national aggrandizement; that is one of the causes; but we would not have a Mussolini or a Hitler had there not been all around them thousands and thousands of people who saw no other way out. I submit, sir, that if in this country we develop a condition whereby thousands and thousands of people can see no other way out, we are setting the stage for something we would hate to think about. The cause of war is fundamentally economic. We believe that those causes can and should be removed. We maintain that in an age of plenty, where man's mind has perfected the most magnificent machines, and where there are plenty of resources, it is utterly unnecessary that man should suffer from economic causes. With the greatest assiduity, these economic causes should be sought and removed, and the efforts should not stop if we try once and fail.

At present we believe war is imminent. I hope we may escape it for another year or two; I shall even be so sanguine as to hope that we may escape it entirely. After a most careful scrutiny of everything I have been able to learn regarding Great Britain and the British government, I have concluded that she has done everything in her power to manoeuvre Great Britain out of war. If that is not so, then it is because I do not know; and if I do not know, it is because it has not been written, or I have not been able to find it. I would say that so far as they possibly could, at least during the last few years the British government have kept Great Britain out of war; and I shall go far enough to say that I believe the same is true of our own Prime Minister.

Just the same, we must realize the cold, bitter fact that we are in a world where war is imminent, and no one can forecast from what quarter the thunderbolt will strike. Consequently, to contend that we should not prepare would be the part of great indiscretion. I say that we must change our economic system—we must do it, even to finance a war. We should do it to finance the preparation for war. We should not sacrifice our

people's necessities in order to prepare. We should use new money, debt free and interest free.

I shall close my observations by saying that I purpose supporting the defence estimates, steadily—scrutinizingly, it is true, and expecting results from every dollar spent—but steadily so long as I see matters as I see them to-day.

Mr. WILFRID GARIEPY (Three Rivers) (Translation): Mr. Chairman, when in the course of this debate the hon. member for Dorchester (Mr. Tremblay), who usually shows better judgment, bracketed under the collective appellation of communist all those who oppose the increased armament appropriations, he certainly was guilty of excessive zeal.

Still clinging to the views which I expressed last session on the matter under consideration, I view with alarm our mounting defence appropriations. Reduced under some items, increased under others, these appropriations are being maintained at unusually high levels, so much so that it can no longer be denied that we are gradually taking rank with the nations, great and small, which expend a large part of their revenue on rifles, on guns, on aeroplanes—in short on the whole machinery of war.

I wish to say to the hon. member for Dorchester that I am no more a communist than he is. He has misjudged me. A taxpayer of Quebec province, I have the mentality, the pride, the convictions, the faith which characterize my people. I am in favour of the Padlock Act passed by the Duplessis government; I consider it a safeguard against nefarious activities aimed at the safety of the nation.

There would be public protests should the Department of Justice arm itself with the power of disavowal in order to combat the legitimate autonomy of my province. We should be left free to protect ourselves against the ravages of error. That is my stand, and the hon. member for Dorchester should, before brandishing his excommunications, examine his own conscience and find his own way.

His Excellency Archbishop Gauthier had in mind a certain type of representative of the people when he said on March 15 last:

> It is far more important to know whether the reasoning of our young men does not contain some germ of truth and whether our weaknesses, our hesitations, our indecision do not really work out to the advantage of communism. We seem to lack pride and courage. Our province of Quebec has been for several months past the object of most unjustified attacks. Because we try to prevent a handful of communists from doing as they please, we

are classed among the uncivilized tribes of darkest Africa. Has anyone risen in the Senate or the House of Commons to say what we are? And is it perchance in our province that the religious and educational liberty of the citizen is not fully respected?

Further on, His Lordship said:

> We are now asked to go into action in order to save democracy. The theme is not unfamiliar. In 1914 volunteer armies were raised and, later on, conscription was forced upon us with the cry: "Let us make the world safe for democracy." The professionals of communism no doubt think that a slogan that succeeded once will succeed again. So we hear to-day a refrain that greatly resembles the former one: "Let us save the life of democracy." There was reason to expect, we are told, that the sacrifices made during the great war would permit us to extend to backward peoples the blessings of the democratic system.

Quebec is neither selfish nor apathetic; it does not lack in nobility and whole-hearted patriotism. Ever since 1760, its intelligent and laborious people have contributed their share to the country's development.

The hon. member for Bellechasse (Mr. Boulanger), in an effort not lacking in merit, has attempted to belittle the provinces. But the provinces are everything, as Sieyès said about the Third Estate: Le tiers état, c'est tout. Sir John A. Macdonald met with a reverse when he failed to obtain the legislative union which he had sought. It was Cartier who imposed the federation of provinces that is, an association based on compromise, a pact founded on sacrifice. The provinces surrendered some rights, but they preserved, within clearly defined bounds, their own autonomy which made them masters in their own territory. Thus it is that Oliver Mowat, a former Conservative, understood the matter when, as head of a Liberal administration in Ontario, he made his opinion prevail, as against Sir John A. Macdonald, before the Privy Council.

Unrestrained concentration is an evil, it is a virus which will destroy confederation if a remedy is not found.

No one in Quebec will want separation; no one will uphold the doctrine known as separatism, providing we are not crushed, providing we are left our freedom, providing we are not drawn into the whirlpool of militarism.

Quebec is loyal, and in proof of this I may say that every design of a new Canadian flag that has been submitted to me included, in some shape or other, the Union Jack. We are proud of being British subjects, and our aspirations are toward ideals in which prejudice, narrow-mindedness and fanaticism are unknown.

Since 1918, did you ever hear a member from Quebec, whatever his political views

may have been, whether conservative, liberal or nationalist, who opposed any contribution to the soldiers' settlement fund? And this amounts to $100,000,000, eighty per cent of which was paid by the two oldest provinces of this dominion: Ontario and Quebec.

Our war debt exceeds $2,000,000,000, and interest charges are draining our annual budget. Did we ever falter when faced with these national commitments; did we ever refuse to honour the signature of our country and the memory of those who sacrificed their lives for the motherland?

These thoughts should have come to the mind of the hon. member for Laurier (Mr. Bertrand) when, in the course of this debate, he tried to joke about the dangers that an aerial attack might entail for the city which I have the honour to represent.

The hon. member for Laurier would be well advised to limit his interest to the constituency which he represents. As a matter of fact he does not live there. He is an itinerant candidate who already tried his luck in Nicolet. He is known in our part of the country under the name of "Drop it or get out."

Let me tell him that by trying to be too witty one spoils what little wit one has. He spoils his case who tries to prove too much. There are no munition factories in the St. Maurice district. His observations were marked with childish malice. Why did he not talk about Quebec, Levis, Riviere du Loup, Roberval, Lake St. John and Gaspe?

Why are we not told where the attack will come from? What do we fear? Where is the cause for alarm? They are stirring up the bitterest emotions of the people through fears which are imaginary so far as Canada is concerned. Nobody threatened us, and no danger was disclosed.

The hon. member for Beauharnois-Laprairie (Mr. Raymond) reconsidered the stand that he took last year. He has a right to do so, just as I am entitled to ask why Canada is less secure because Japan invaded China, or Italy took possession of Ethiopia, or Germany absorbed Austria.

Since war is raging more than ever overseas, should we not be all the more cautious, and prevent any rash commitment on the part of Canada?

I wish to congratulate the hon. member for Grey-Bruce (Miss Macphail) for the illustrating and outspoken statement which she made during this debate and tell her that I concur in its general lines. That statement deserves a special mention, for it stands out with a peculiar brilliancy among all the other speeches.

Every member must do his duty to the best of his ability and conscience. It is not true that party discipline binds us to the point that all freedom and all desires for what is good be smothered.

In 1916, the hon. gentleman who was then member for Kamouraska did not secure a unanimous liberal vote when he submitted a motion to this house censuring the nefarious provisions of Ontario's school act. In 1917, the liberal majority deserted Laurier to rally under the banner of the Union government.

At present, like the hon. member for Grey-Bruce (Miss Macphail), the hon. member for Davenport (Mr. MacNicol), the hon. member for London (Mr. Betts) and the people, I see in the military development which is outlined an organization which is liable and calculated to draw my country into all kinds of wars.

Should the alarm be given, whatever it might be, the emotions of the people will be so stirred up that the decision of Parliament will be an accomplished fact and will serve no more as a protection against participation in the conflict and the sending of troops to the theatre of war.

The suggestion that the colony should assume the cost of defence is not a new one, for long before 1867 the mother country endeavoured to carry out such a scheme which was one of the main arguments put forward in support of the merging of British American colonies into a federation.

Last year, the hon. member for Beauharnois-Laprairie (Mr. Raymond) based his argument wholly upon the lack of a line of defence. But that line of defence is no more defined this year than it was last year. And we have, in addition, the threat of a widespread war in other continents.

Last week the hon. member for Laflèche-St. Maurice (Mr. Crète) again asked: "Where is the line of defence? Where is the line of demarcation? How far will our soldiers have to go?" Again no reply was forthcoming.

The Liberals as a party were identifying themselves better with the people when in Montreal East they administered such a crushing defeat to Sir Georges Etienne Cartier, the sponsor, nay the author, of the Militia Act. That act is still in existence, as was shown the other day by the hon. member for Two Mountains (Mr. Lacombe), without any one disputing the point. That act is quite elastic and broad, and it is also fraught with danger. What does it say? Section 2, chapter 132 of the revised statutes of Canada says:

(b) "emergency" means war, invasion, riot or insurrection, real or apprehended;

Section 8 reads as follows:

All the male inhabitants of Canada, of the age of eighteen years and upwards, and under sixty, not exempt or disqualified by law, and being British subjects, shall be liable to service in the militia; provided that the governor general may require all the male inhabitants of Canada, capable of bearing arms, to serve in the case of a levée en masse.

Section 64 provides that:

The governor in council may place the militia, or any part thereof, on active service anywhere in Canada and also beyond Canada, for the defence thereof, at any time when it appears advisable so to do by reason of emergency.

Section 69 says:

The Army Act for the time being in force in Great Britain, the King's regulations and all other laws applicable to his majesty's troops in Canada and not inconsistent with this act or the regulations made hereunder, shall have force and effect as if they had been enacted by the parliament of Canada for the government of the militia.

Is that clear enough? Is that sufficiently convincing?

The right hon. the Minister of Justice (Mr. Lapointe) may contend that the Military Service Act is dead, but such is not the case with respect to the Militia Act, whose far-reaching tentacles are ever threatening us, and which makes us liable to service beyond Canada.

That is a far cry from national defence confined to the boundaries and the interests of Canada. That is the imperialistic doctrine being revived, taking shape again, coming to the fore and overpowering us with its whole might—

Mr. LACOMBE: May I ask a question of the hon. member? Will he please tell me whether the Military Service Act is dead in Canada?

Mr. GARIEPY: Mr. Chairman, I am not discussing the Military Service Act; I shall be governed by the statement which the right honourable the Minister of Justice made the other day. My argument is based upon the Militia Act which unquestionably is still in force, which contains the sections I read a moment ago with respect to either matter, and which leads to a definite conclusion to be drawn by every reasonable man, by every patriot in whose mind the interests of our confederation are foremost.

I say that the imperialistic doctrine is being revived, is again taking shape, is coming to the fore and will be overpowering us with all its might unless parliament heeds the wishes of the people and confines our defence obligations to our geographical boundaries, unless, moreover, parliament defines beforehand the character of our external obligations and declares upon our neutrality within well defined limits. I think my stand is consistent with the true Liberal tradition.

Mr. LACOMBE: The hon. member has not answered my question. I would like to know whether or not conscription has become a dead letter here.

Mr. GARIEPY: Mr. Chairman, the hon. member had better consult the Department of Justice or else wait for another opportunity of discussing the question of conscription.

To conclude, Mr. Chairman, allow me to say, if the reference is not too personal, that I fought my first political battle in 1895, and I remember how we opposed the purchase of rifles by the Minister of Militia in the Tupper government, Alphonse Desjardins. Our reason was that we feared Canada's participation in European wars. Did not the province of Quebec, in 1911, protest against a navy that would have been Canadian in time of peace and Imperial in time of war, according to Mr. Fielding's formula?

The Liberal majority in the Senate voted, in 1912, against a $35,000,000 subsidy to the British navy. Men may go, but measures remain, as was evidenced when a minister of the crown secured the approval of His Excellency Archbishop Bruchesi in the matter of the National Service cards, on the faith of a solemn engagement that there would be no conscription in this country. The minister left the cabinet, but conscription was established, at which time occurred the series of unforgettable gestures which accompanied the creation in our country and the whole existence of the Borden-Rowell-Calder Union government.

Everybody now is sorry that conscription was ever established as it served no useful purpose, everybody clearly sees that Canada's contribution was out of proportion to her resources and her means, everybody knows that Canada did not benefit in any way from the Treaty of Peace, everybody deplores the colossal debt accumulated in those tragic years and one wonders how such a panic and such exaggerations could happen.

One wonders why Sir Thomas White, a former Liberal who was appointed Finance minister by Mr. Borden in preference to Sir George E. Foster, was allowed to engulf the country in debt under the cloak of patriotism, of imperialism and of every noble sentiment, either for the purposes of war or for the acquisition of railways.

The best part of our revenue goes for the maintenance of a national railway system which came to light at the same time as conscription, and the bonds guaranteed by

the provinces were exchanged in Toronto for federal bonds, while our glorious 22nd was defending Vimy Ridge inch by inch.

We must not forget that, in order to defeat an oppressive administration, in 1921, Quebec returned 65 Liberal members. I do not question the motives of the Minister of National Defence (Mr. Mackenzie), I admire his splendid talent and his scholarship, but I am of the opinion that he is launching the country on a dangerous road, and that he is paving the way for further panics and exaggerations in Canada.

Under those circumstances and in the absence of positive statements and formal pledges from the leaders of the nation, I am bound to think that the strictly national defence, which would be approved by all, does not call for, does not necessitate the sacrifices and expenditures which we are now asked to provide for and which are only a step towards greater sacrifices and expenditures.

Is the time well chosen to yield to the appeals of militaristic madness, while we are voting millions for seed grain to be given to distressed farmers in Alberta and Saskatchewan, while unemployment is now becoming a national institution, while depression is spreading, while the building trades are looking for funds, while our normal credit is hardly adequate to our national needs, while there are everywhere incentives, not to sink in deadly enterprises, but to lay out to advantage in constructive endeavours, the assets accumulated by ten generations of Canadians.

Under present circumstances, I am opposed to the military appropriations as tabled because I love my country, because I love the youth of my country.

Mr. V. J. POTTIER (Shelburne-Yarmouth-Clare): Mr. Chairman, the two important matters in the estimates before us for the Department of National Defence are the amount involved and the policy of the government. The item under consideration, No. 80, under the heading of departmental administration, forms a portion of the general defence estimates. I propose briefly to refer to the two features which, I submit, are important so far as this particular item is concerned.

First, I think the amount is an important feature. The second is the way the amount is to be expended. The total estimates for national defence for the fiscal year 1938-39 amount to $34,022,364.42. It should be noted that the estimates last year were $36,034,-371.42. In other words, there is a reduction this year of something over two million dollars.

Another feature which I think is important when considering the expenditure of Canada on defence for the coming fiscal year is to look at what other countries are expending and compare our expenditures with theirs. After all, defence means, generally speaking, protecting a country against an aggressor, and whether you are weak or strong depends in a large measure upon the strength or weakness of your opponent. To put it in another way, defence to-day is largely proportioned to the expenditures made by the various countries. A question, therefore, very important to determine is whether we are making adequate provision for expenditure for the defence of Canada, keeping in mind what other countries are doing.

The Minister of National Defence (Mr. Mackenzie), in presenting the estimates for the fiscal year 1937-38, gave us some figures of the per capita expenditure of Canada as compared with those of some of the other nations of the world. I have prepared a statement, taking the major part of my information from the League of Nations armaments year book, showing the different countries and their estimated expenditures for the year 1937-38. This book was, I submit, brought up to date and completed in the light of the most recent official publications. The various expenditures of the different countries have been converted into the value of Canadian dollars; the area and population of each country are given; and from that a deduction is made in dollar value of the area in question as well as the per capita expenditure. It has been impossible to estimate correctly the expenditures for Russia and Germany. Russia estimated her expenditure last year at something over twenty billions of rubles. Germany gives no figures about estimates of expenditures; all we are told is that the Minister of Finance is authorized to allocate in agreement with competent ministers the necessary funds and to decide upon the utilization of them. Some experts outside the league, however, tell us that the per capita expenditure of Germany for 1936 was $41.72, and in preparing these estimates I have taken those figures for last year. A number of interesting deductions are made from those figures, and I propose briefly to give them to the committee. I have left out five countries whose currency I could not convert into Canadian dollars; they are: Afghanistan, Saudi Arabia, Honduras, Liberia and Paraguay. Outside these, all countries that have a central independent government and have prepared an estimate for defence are, I think, considered. There are, in all, fifty-nine.

We find last year a total world expenditure for defence of $11,771,000,000. The average expenditure per square kilometre of the land area of those countries amounts to $126. If you convert that into square miles, it means that for the land area of those fifty-nine countries there was an estimated expenditure of $315 per square mile. Two and a half kilometres are about one square mile. The highest expenditure for any country per kilometre was in Germany, with $5,956. The lowest for any country was in Panama, and that was one dollar per kilometre. The estimated expenditure last year of Canada was $3.68 per kilometre. We are the third lowest of any of the fifty-nine countries which I have on the list. I have said that Panama is the lowest; Norway, with $1.45, is the second lowest; Canada is the third lowest, in the amount of $3.68 per kilometre.

Mr. WOODSWORTH: Has the hon. member conveniently at hand the figures of density of population of the various countries?

Mr. POTTIER: I am taking next the population of each country as a whole. I know the density of population is a feature. I was dealing only with area.

I now come to the per capita expenditure, and this is what we find. The average per capita expenditure for war defence is $6.49. The highest for any country is that of Germany—as I have just indicated—in the amount of $41.72. The lowest for any country is, again, Panama, with sixteen cents per capita. Canada expended $3.18.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

QUESTION OF PROCEDURE IN DEALING WITH APPLICATIONS FOR DIVORCE

Mr. H. R. EMMERSON (Westmorland) moved that the house go into committee of the whole on private bills.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): With regard to these divorce bills, they are said to come from the province of Quebec. But I have made a little list from those bills, taking a few of them at random. For instance, in the Williamson case the place of birth of the husband was Montreal; of the wife, Westmount; place of marriage Montreal. In the case of Cohen the husband was born in Russia, the wife in Rumania, and they were married in Montreal. In the case of McMartin the husband was born in Oyster Bay, New York; the wife at Shreveport, Louisiana, and they were married in Oyster Bay, New York. In the Hislop case the husband was born in Rumania, the wife in Russia, and they were married in Montreal. In the Oravec case they are people from Winnipeg and were married there. In the Klajner or Klein case the husband was born in Bendzin, and the wife in Bendzin, and the place of marriage was Poland. In the case of the Skinners there is no place of birth of husband or wife, but they were married in London. In the Resnick case both parties were born in Russia, and they were married in Montreal. In the Adams case the husband was born at Petrolia, Ontario; the wife at Marthaville, Ontario, and they were married at Sault Ste. Marie. In the case of O'Sullivan both parties were born and married in England. In the Macdonald case both were born at Saint John, New Brunswick and married there.

It surprises me very much that it was said afterwards that these divorce laws are for the people of the province of Quebec. I have quoted many instances of people who came from other provinces or from Russia, Rumania and everywhere. I do not see the propriety of having that kind of legislation on divorce in our statute books. The number of divorce acts in the statute books is almost incredible. I saw an answer which was given to the hon. member for Maisonneuve-Rosemount (Mr. Fournier) the other day about the number of divorces and the fact is not at all as represented to him. I made a calculation for the years 1928 to 1937 inclusive, and found the number of private bills that were divorce bills was 1,069. That means that in 1,069 cases the House of Commons passed those bills through first reading, second reading, committee and third reading; the same thing was done in the senate, and His Excellency the Governor General, the representative of the king, had to put his name on each divorce act. We have more important things to discuss than those, especially when one picks at random the evidence in any one of those cases and finds it is always the same story. There is an investigator who looks through the keyhole and says, "I am the bell boy;" he gets in and sees a woman there with a man, a bottle of whiskey half full, two glasses, or perhaps the bottle is empty. They report that to the senate; the parties are asked if there is connivance, and the complainant says there is no connivance. Then the august body of the senate says, "We must grant them a divorce." We hear parliament

spoken of as the high court of parliament. The only thing on which parliament is acting as a court is divorce. We are using our legislative authority in a judicial capacity.

Mr. WOODSWORTH: May I ask the hon. member whether it would not be a good thing to have a divorce court set up in the province of Quebec as in the other provinces?

Mr. POULIOT: I thank my hon. friend for his suggestion, and I shall conclude by offering mine. Most of those people try to take advantage of the fact that they reside for a certain time in the province of Quebec to come here and bother us with their applications, which mean huge fees for the attorneys in each case, for the lobbyists who are here to bother hon. members about those divorce bills, and we receive no consideration at all. I wonder whether it would not be better to tell all those people that they should elect domicile in any province in which there is a divorce court rather than bother the House of Commons and the Senate and disturb His Excellency the Governor General to ratify their divorce. That is my humble suggestion. We have many interesting questions to discuss in this house, just as the senators have in the other house. Therefore, it seems to me that first of all no licence as a lobbyist should be issued in favour of any lawyer who is acting for anyone who asks for a divorce or is defendant in a divorce case. That would be one way to stop this sort of thing. Then the rules of the house should be amended in order that the clerk should have no authority to issue any licence to those lobbyists. The second point is that they would have no lawyers and they would be told to go and elect domicile in another province in which there are divorce courts, and give us peace. This would be so much the better for the House of Commons, the Senate and His Excellency the Governor General and the country at large.

Motion agreed to and the house went into committee, Mr. Johnston (Lake Centre) in the chair.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 41, for the relief of Alice Cecile Pinder Hartt.—Mr. Jacobs.

Bill No. 42, for the relief of Ruby Mary Foster Ryder.—Mr. Emmerson.

Bill No. 43, for the relief of Ethel Sadie Davidson Case.—Mr. White.

Bill No. 44, for the relief of Ray Simon Stern.—Mr. Jacobs.

Bill No. 45, for the relief of Norma Adelaide MacKenzie Hird.—Mr. Walsh.

Bill No. 46, for the relief of Mabel Marjorie Thompson Maynes.—Mr. Emmerson.

Bill No. 47, for the relief of Walter Edward Gorham.—Mr. White.

Bill No. 48, for the relief of Margaret Anne Eddie Bender.—Mr. Walsh.

Bill No. 49, for the relief of Kathryn Chronis Briggs.—Mr. Walsh.

Bill No. 50, for the relief of Vera May Levis Holloway.—Mr. Jacobs.

Bill No. 51, for the relief of Robert Andrew Young.—Mr. Walsh.

Bill No. 39, respecting the Dominion Association of Chartered Accountants.—Mr. Plaxton.

Bill No. 54, for the relief of Mary Lorraine Ward Williamson.—Mr. Plaxton.

Bill No. 55, for the relief of Lyall Gibson Hodges.—Mr. Bothwell.

Bill No. 56, for the relief of Esther Lazarovitch Cohen.—Mr. Jacobs.

Bill No. 57, for the relief of Dorothy Reaves McMartin.—Mr. Jacobs.

Bill No. 58, for the relief of Mary Dorothy Picard Whitcombe.—Mr. Plaxton.

Bill No. 59, for the relief of Emil Kastus.—Mr. Jacobs.

Bill No. 60, for the relief of Eva Fleming Hislop.—Mr. Betts.

Bill No. 61, for the relief of Sigmund Oravec.—Mr. Walsh.

Bill No. 62, for the relief of Robert Parry.—Mr. Jacobs.

Bill No. 63, for the relief of Nacha Ferszt Klajner (otherwise known as Nora Firstenfeld Klein).—Mr. Walsh.

Bill No. 64, for the relief of Leonora May Howard.—Mr. Walsh.

Bill No. 68, for the relief of Annie Elizabeth Climie Adams.—Mr. Jacobs.

Bill No. 69, for the relief of Margaret Alice Mizener.—Mr. Walsh.

Bill No. 70, for the relief of Frances Dorothy Scott Skinner.—Mr. Emmerson.

Bill No. 71, for the relief of Esther Rotman Resnick.—Mr. Jacobs.

Bill No. 72, for the relief of Dorothy MacFie Safford Dale.—Mr. Jacobs.

Bill No. 73, for the relief of Alice Temple Jamieson Adair.—Mr. White.

Bill No. 74, for the relief of Gladys Kathleen Crook O'Sullivan.—Mr. Emmerson.

Bill No. 75, for the relief of Geraldine Estelle Bamford.—Mr. Jacobs.

Bill No. 76, for the relief of Charles Marie.—Mr. Ross (St. Paul's).

Bill No. 77, for the relief of Rosamond Cheriton Stoyle Macdonald.—Mr. Jacobs.

THE RESTIGOUCHE LOG DRIVING AND BOOM COMPANY

Mr. C. J. VENIOT (Gloucester) moved the second reading of Bill No. 66, respecting The Restigouche Log Driving and Boom Company.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Johnston (Lake Centre) in the chair.

On section 1—Directors.

Mr. BENNETT: It appears that the hon. member in charge of the bill proposes, by resolution, to make anybody a director. The effect of this would be to make any person on the street or elsewhere, who secured a resolution of directors, a director of the boom company. When I look at the side note, I cannot think that that is what is intended. All that is necessary is to add the words "or a member of a corporation," because as the section stands now, it covers a director or a manager. All that was intended, I believe, is that anybody who is a member of a shareholder company could be elected to the directorate of the company in which a corporation is a shareholder. As the clause reads, it would be competent to pass a resolution of directors to make any of us here directors of the boom company. Apparently, from the note, that is not what is intended.

Mr. VENIOT: I think the intention of the company was not to make anybody on the street a director of the company. Perhaps it might be appropriate to give a few words of explanation in order to clarify the situation. In 1910, when the act respecting the Restigouche Log Driving and Boom Company was passed, logging and boom operations on the Restigouche river, or in the region surrounding the river, were confined chiefly to companies whose mills and head offices were located in Campbellton or Dalhousie or in the neighbourhood of the Restigouche river. The act specified that every owner of 100,000 superficial feet and upwards of logs intended to be handled by the Restigouche Log Driving and Boom Company may become a member of the company, and may attend and vote at all meetings for the fiscal year of the company.

Since that time the long lumber industry has practically gone out of the picture in the neighbourhood and has been replaced by the pulp and paper and rayon industries, in the hands of large corporations, such as The New Brunswick International Paper Company, Fraser Companies Limited, and others, with head offices and boards of directors located in the large cities, such as Montreal and Toronto, but with their operations still continuing in Campbellton, Dalhousie or other points in the neighbourhood of the Restigouche river.

It is to overcome this handicap of being obliged to send representatives, either directors or managers of the company, to attend these meetings, that this request is made. I think the companies would be desirous of having as their representative in the neighbourhood somebody who is more conversant with the logging and booming operations, such as, for example, the manager of a company located in Campbellton who knows exactly what the requirements of logging and booming may be. I think it might be appropriate to change the wording specified here to "a shareholder authorized by resolution of the directors of a corporation, which is a member of the company."

Mr. BENNETT: The only point I make is that it authorizes anybody, instead of a member of the corporation who is a shareholder.

Mr. MICHAUD: That is the object of the bill.

Mr. BENNETT: To name any person, whether he is a member or not?

Mr. MICHAUD: Any person authorized by resolution of the directors of a corporation which is a member of the company.

Mr. BENNETT: But the person selected need not be a member of the shareholder company.

Mr. MICHAUD: That is correct; he need not be. It is to avoid this inconvenience that the amendment is moved.

Mr. BENNETT: I am greatly surprised that any corporation would seek by a resolution of its directors to appoint a stranger to be a director of a company in which it was a shareholder. If they decided to appoint any member of the corporation that is a shareholder to be a director, that would be all right. That would apply to the president, vice-president and officers of the shareholding corporation. Surely you are not going to appoint as a director of the Restigouche boom company a perfect stranger who has no corporate holding in the enterprise. That is a new provision of company law; it is something that has never been done in this country.

Mr. MICHAUD: This company is owned by two other companies, the International paper company and the Fraser company. They found it difficult to have their own

directors to act as directors of the boom company, and they want to select certain of their employees, such as the head of the woods department. He might not happen to be a director or shareholder of the holding company, but they want to make him a director of the boom company.

Mr. BENNETT: It is proper that a shareholder of a shareholding corporation may become a director of the boom company; but when you say that by resolution of the directors of the shareholder company they can elect a perfect stranger to be a director of the boom company, you are transgressing every rule that governs the conduct of corporations in any country. One of the qualifications has been that before a person can be elected a shareholder he shall in some way be connected with the enterprise. The usual practice has been to qualify him by transferring to him a single share. That is so in our Canadian National enterprises. This practice has been carried on in order to maintain the corporate identity of the companies. All that would be necessary to do to meet the ordinary requirements would be to change the word "person" to the words "member of a corporation." I would suggest that progress be reported and this bill considered at the next sitting of the committee. This would be a dangerous precedent for us to establish here, and I hesitate to see it done once attention has been directed to it.

Mr. CRERAR: If he were a shareholder in one of the two companies it would be all right.

Mr. BENNETT: That is all you want.

Mr. CRERAR: I take it that this amendment would not be necessary.

Mr. BENNETT: Let me put the situation in this way. We have a company known as Jones Limited. One of the shareholders of Jones Limited is Smith Limited, a corporation. As the act now stands, the president, vice president or manager of Smith Limited could be made a director of Jones Limited. This amendment seeks to make it possible for anyone to have a resolution passed by the directors of Smith Limited appointing a man on the street or elsewhere a director of Jones Limited. I think the minister realizes that such a thing is never done.

Mr. CRERAR: I admit that it is rather unusual, but I do not see where any harm would result from it here.

Mr. BENNETT: We would be doing something that has never been done.

Mr. CRERAR: The leader of the opposition speaks of appointing a stranger; but what would happen in this case, according to the explanation given by the sponsor of the bill, is that they would appoint the manager or some one of their employees.

Mr. BENNETT: The manager is a member.

Mr. CRERAR: He might not be a shareholder.

Mr. BENNETT: That is what the amendment provides for, that a stranger may be made a director of the boom company.

Mr. CRERAR: The manager could scarcely be described as a stranger.

Mr. BENNETT: It is in the bill now.

Mr. CRERAR: At the present time no person would be eligible to be elected a director unless he was a stockholder in the Restigouche Log Driving and Boom Company.

Mr. BENNETT: This bill changes that.

Mr. CRERAR: That is the fact.

Mr. BENNETT: No; that is not the fact. The original act provides that no one shall be qualified to hold office as a director unless he is a member of the company or a director or the manager of a corporation which is a member of the company. That is the present position. This amendment provides that the directors of this shareholding corporation can pass a resolution naming the deputy clerk sitting at the table a director of the boom company.

Mr. VENIOT: Would not the difficulty be overcome by changing the wording and substituting the words "or a person who is an employee of one of the companies authorized by resolution"?

Mr. BENNETT: All that would be necessary to do to meet what the hon. gentleman has in mind is to delete the word "person" and substitute therefor the words "or a member of the corporation which is a member of the company." He could be then given a qualifying share and we would be maintaining the theory which has always prevailed with respect to corporations. I do not wish to embarrass my hon. friend with his legislation, but I think it is my duty to point out that we are creating a dangerous precedent when we say that the board of directors of a corporation that happens to be a shareholder in a company can meet together and pass a resolution appointing a stranger to be a director of the company. That would be a dangerous thing to do as some one else will be coming here next year and wanting the same thing.

Mr. VENIOT: According to the suggestion of the leader of the opposition, the person who would become a director would have to be a member of one of the individual companies, whether he owned one or a greater number of shares. I think that difficulty could be overcome by changing the wording to that effect.

Mr. BENNETT: All you need to do is make the change I have suggested.

Mr. VENIOT: I see no reason why a member of one of these corporations could not be found in Campbellton or Dalhousie where the business is carried on.

Mr. BENNETT: The Minister of Fisheries can see that this is a fair suggestion. He is interested in this company as it runs logs down the Restigouche. I have no interest in the matter except the interest I always have when a precedent is being established that may create trouble for everyone in the future.

Mr. MICHAUD: I move that the committee rise, report progress and ask leave to sit again.

Progress reported.

CANADIAN PACIFIC RAILWAY COMPANY

Mr. J. M. TURNER (Springfield) moved the second reading of Bill No. 67, respecting the Canadian Pacific Railway Company.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Johnston (Lake Centre) in the chair.

On section 1—Power to lease.

Mr. HOWE: I should like to know why this matter has been brought before parliament in this form rather than having been referred to the board of railway commissioners. I have no objection to the objects sought to be achieved by the bill as I am familiar with the situation, but the Railway Act provides that a lease can be arranged by the board of railway commissioners when each party to the lease has approved the terms thereof by vote of two-thirds of their shareholders.

Mr. TURNER: I can give the full particulars if I am permitted to make a statement at this time.

Mr. HOWE: I am not objecting to the principle; I am simply saying that this is an unusual way to deal with the matter when the necessary machinery has been set up under the Railway Act.

Mr. BENNETT: Has the bill been to the railway committee?

Mr. HOWE: No.

[Mr. Stewart.]

Mr. BENNETT: Would it not be desirable to move now that it be referred to the railway committee?

Mr. HOWE: The purpose of the provisions of the Railway Act is that interested parties shall be heard, and with the permission of the sponsor I move that this bill be referred to the standing committee on railways, canals and telegraph lines.

Mr. TURNER: That will be quite satisfactory to me, Mr. Chairman.

Section stands.

Motion agreed to, and bill referred to the standing committee on railways, canals and telegraph lines.

NIAGARA FALLS OBSERVATION BRIDGE COMPANY

The house resumed from Tuesday, March 29, consideration in committee of Bill No. 15, to incorporate Niagara Falls Observation Bridge Company—Mr. Damude—Mr. Johnston (Lake Centre) in the chair.

On section 8—Power to construct bridge.

Mr. LOCKHART: Mr. Chairman, I have one or two questions to ask the hon. member for Welland, and I wish to make a correction in connection with one or two points that came up in the discussion the last time the bill was before the committee. In the committee on railways, canals and telegraph lines, the hon. member for Saskatoon asked why the money was divided, $2,000,000 for construction and $2,000,000 for land. I would refer the hon. member to page 60 of the minutes of the meeting of the committee, where following a question that had been asked by the hon. member for Winnipeg North as to how the money was divided, the Hon. Mr. McQuesten said:

Hon. Mr. McQuesten: As far as my information is now, we do not think it will exceed $2,000,000.

That was for the bridge. He went on:

And the other $2,000,000 was for purchasing land.

That was afterwards extended to include buildings also, and it was on that point that I was enlarging when the bill was before the committee the other evening.

There is one other point I wish to bring up, which has been brought to my attention by citizens of my community.

Mr. YOUNG: If the hon. member will permit me, I think what was said during the whole discussion was that approximately $2,000,000 would be required for each purpose,

but they did not say that it would require the whole $2,000,000 in either case. They did not know what the land would cost or what the bridge would cost.

Mr. LOCKHART: The point is that it was divided in the manner I have stated, half and half.

Mr. YOUNG: But Mr. McQuesten did not say it would take the full $2,000,000 for either purpose.

Mr. LOCKHART: I have quoted from the minutes of the meeting to show how Mr. McQuesten understood the amount would be divided. Of course, no one would assume for a moment that an estimate could be given of what the land might cost because they were acquiring probably five acres.

It has been brought to my attention by someone who read the account of the discussion, that the hon. member for Winnipeg North said with reference to this project:

> I submit that when you build a bridge with an operating income of $273,000 a year and an annual expenditure of only $65,000, there must be a fairly large profit for those who own the bridge.

I pointed out to the hon. member, and he might have added, that carrying charges, interest on bonds and other items were included. From the way in which he gave the figures some may have thought that the difference between $273,000 and $65,000 left a tremendous spread which was altogether out of proportion, and I have been asked to have that corrected.

I notice in the press reports which I have been receiving daily from the city of Niagara Falls that a telegram was sent to the Prime Minister requesting him to see to it that a provision be inserted in the bill before it passes this house in order to protect the taxpayers against any loss of taxation. Could the hon. member for Welland tell me if such a telegram was dispatched to the Prime Minister?

Mr. DAMUDE: That is correct, and I understand that the telegram was referred to the Minister of Transport and replied to by him. I also received a telegram from the mayor of Niagara Falls, to which I replied the same day, suggesting that if the city council wish to make representations here they do so before the senate committee when the bill is before that body.

Mr. HEAPS: The hon. member for Lincoln has referred to figures which I gave this committee. They were correct so far as they were given, and if there was an insufficiency of figures supplied by myself, I want to assure the committee that this was not my fault. The fault lay with those who oppose the present application. Mr. Robertson, counsel for those who oppose this bridge, was requested by me and, I believe, by other members of the railway committee to furnish it with a proper statement showing the receipts and expenditures on the bridge for the ten year period from 1927 to 1937, and although he promised to submit such a statement, it was not forthcoming up to the time the railway committee reported the bill. The only figures he gave were those I gave the committee of the whole on the last occasion when this bill was under consideration. We have not the faintest idea even to-day how this $65,000 is made up, because no itemized statement has been submitted. When Mr. Robertson, representing the private corporation which is so anxious to have the present bill defeated, was asked if he could produce a profit and loss account of the bridge, he said he could not nor did he know where there was one in existence.

Mr. EDWARDS: Mr. Robertson gave a clear explanation of that.

Mr. HEAPS: No. He submitted balance sheets for the ten previous years of the whole operations of the corporation, nine-tenths of which had reference to utilities owned on the United States side.

Mr. EDWARDS: There was painting.

Mr. HEAPS: He made some statement to that effect; but there was no itemized statement showing how the $65,000 was made up, and I think other members of the railway committee will bear me out that in giving the committee of the whole the figures I gave of $273,000 of income and $65,000 of expenditure, I gave the only figures that, as I remember, Mr. Robertson submitted. There was one other figure he gave which strengthened the argument of those who opposed the bridge. He said there was two per cent placed in a depreciation account each year. The bridge having been in existence for forty years, with two per cent placed in a depreciation account for forty years, the bridge would have been debt free.

Mr. EDWARDS: No, no. What about upkeep?

Mr. HEAPS: Hon. members to my right, if they have any business acumen, and I believe they have—

Mr. WERMENLINGER: I ask the hon. gentleman if he ever handled a private business in his life; if so, how can he come to those conclusions?

Mr. HEAPS: I may not have handled one of my own; but I have handled public utilities, and I know a good deal more about them than some of those who are interrupting. The cost of painting a bridge is not capital expenditure, and anybody who has anything to do with business ought to know that. Painting is purely maintenance and comes out of operating revenue, and if a bridge requires painting every one or two years, that is not capital expenditure, and cannot be reckoned as part of the capital expenditure of the utility. The same applies to maintenance charges; they are not capital expenditure, as the hon. member should know. They represent part of the operation costs of the bridge; indeed, they are part of the $65,000, part of the annual expenditure of the bridge, and if two per cent were put in each year, as I said a moment ago, which caused the hon. gentleman to my right to become so excited—

Mr. EDWARDS: It was such a foolish statement; that is why.

Mr. HEAPS: The statement was made by Mr. Robertson, K.C., counsel for the private corporation. I am merely repeating what he said.

Mr. WERMENLINGER: I was a member of that committee, and everybody was speaking at the same time.

Mr. HEAPS: Unfortunately there was no printed record of the proceedings, but it was stated that two per cent was set aside for sinking fund purposes. What I claim is that if two per cent were set aside each year by way of amortization and put in reserve for the purposes of a sinking fund, at the end of forty years the bridge would be paid for and there would be no bonded indebtedness.

Mr. TAYLOR (Nanaimo): Two per cent for forty years would not represent more than seventy per cent.

Mr. HEAPS: Two per cent each year amortized over a period of forty years would be, as far as I understand arithmetic, approximately one hundred cents on the dollar, and not seventy, as the hon. member states.

Mr. EDWARDS: Seventy per cent is about right.

Mr. BENNETT: Two per cent of the bonds, not two per cent capital.

Mr. HEAPS: Well, if it is two per cent of the bonds, that is eighty per cent.

Mr. ROWE (Dufferin-Simcoe): That is near enough.

Mr. HEAPS: I do not wish to continue the discussion on this point because the facts are obvious even to my hon. friends. The issue is not whether the income was $273,000 and the expenditure was $65,000 a year. The question is whether there should be a bridge there owned in part by the province of Ontario, or whether we should allow a private corporation to construct a bridge which will be owned in perpetuity by a United States company whose head office is in that country. That is my main reason for supporting the present bill. I saw the old bridge a few weeks ago down in the Niagara river, and I think it was not a bad place for it to be. It is unfortunate for the people who owned the bridge that it is where it is; but so far as the people of Ontario are concerned, it would be very desirable from a purely Canadian standpoint, as a "Canada first" policy, may I say, to have the people of Canada own that part of the bridge which is located in the Dominion of Canada.

Mr. BENNETT: Why does the hon. member not put that in the statute?

Mr. HARRIS: I am glad to see the hon. member for Winnipeg North enrolled in the ranks of the "Canada first" party. Forty years at two per cent would be eighty per cent of the cost of the bridge; we can admit that.

An hon. MEMBER: No.

Mr. HARRIS: As regards this particular clause—

> The company may construct, maintain and operate a bridge across the Niagara river—

—the company owns only half; the legislation embodied in this particular bill does not make proper provision for the consummation of the work at the other end. In the committee of which I had the pleasure of being one of the members it was quite clearly shown that since the advent of the Peace bridge the revenue has gone down there considerably. The hon. member mentioned the cost of maintaining the bridge; to-day he goes a degree further and adds the depreciation charges; but what about the interest on the four million dollars which it is proposed to spend on this particular project?

Mr. HEAPS: I did not discuss the cost of the new bridge.

Mr. HARRIS: Interest costs money, and five per cent a year on four million dollars is $200,000 of the $273,000 mentioned. That leaves only $73,000—$65,000 for the operation of the bridge and less than $10,000 for depreciation—and anyone who is in business knows that is not nearly enough. Over and above that, do we know that $4,000,000 will be sufficient? Members of the committee

remember that the original bill provided for some $7,000,000 if necessary and $500,000 for some other costs. Then they drop down to $4,000,000: they divide that up and show where it is going to be spent. Two million dollars is the cost of the bridge and two million dollars is the cost of the approaches on either side of the bridge.

An hon. MEMBER: Perhaps.

Mr. HARRIS: Somebody has said "perhaps," and that remark is well placed. But if it is one million dollars of assessable value taken out of the city of Niagara Falls, where is that city to get its assessment on which to levy taxes to keep going? What provision is being made for that? What provision was made for the city of Niagara Falls to come forward and state its case?

With regard to this particular bridge, as compared with the bridge of the International Railway Company, it is said that it will cost two million dollars. I should like to see a publicly owned bridge there, but I object to this extra two million dollars for the costs of the approaches on either side. I should like to hear some sort of analysis of these figures by the Minister of Transport before I vote on the passage of this particular bill. In the railway committee they called the company twopenny-halfpenny because it only had four lanes of traffic. In the case of the old company, foundations worth half a million dollars are there and will not have to be built again, but under the ownership setup of this new bridge they must be compensation to the International Bridge Company—another added cost to the new project. All this is going to make it a very expensive affair for the people of Ontario. Why should the province have to find $4,000,000 for a bridge which is being sponsored privately for the time being, because, according to the statement of the Minister of Transport, there is no other way to introduce the legislation? Then the owners will be bought out with the money of the province of Ontario. To my mind something more should come out with regard to this particular bridge. As someone suggests, there may be an Ethiopian in the woodpile. Perhaps between now and next Tuesday, when the bill again comes before the committee, the minister will tell us just where that Ethiopian is.

Progress reported.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Departmental administration, $425,720.

Mr. V. J. POTTIER (Shelburne-Yarmouth-Clare): When the committee rose I was attempting to give the approximate per capita expenditure of the world for defence. I gave the figure of $6.49, saying that Germany had the highest, $41.72, and Panama the lowest, 16 cents, while Canada's per capita expenditure was $3.18. Out of the fifty-nine nations that I said were listed, Canada is twentieth from the bottom of the list; in other words, thirty-nine nations spent more per capita than our estimated expenditure for last year.

Another interesting deduction which can be taken from the statement I refer to is the expenditure of the chief dictator groups, Germany, Italy and Japan. It is estimated that last year their expenditure was $3,513,889,500. The next group that is interesting to study is the chief democracies, in which I include England, France and the United States. Their estimated expenditure was $2,708,838,375. The other group that we might consider is that which represents the communistic mode of thought. They spent something over $4,000,000,000 in national defence. When we compare those figures with the estimated expenditure for Canada of $34,000,000 for this year, we have a very small expenditure indeed.

Another important item that we should consider is the expenditure for defence on the North American continent. For last year it is estimated at $1,075,000,000. I include in that the islands adjacent to the continent. The per capita expenditure on the North American continent last year was estimated at $6.24. Canada's was $3.18.

Complete figures for the fifty-nine countries are as follows:

Country	Estimated amount defence—1937	Approximate Expenditure per sq. k.m.	Approximate per capita
Albania	$ 222,360	$ 7 92	$ 0 20
Argentina	48,933,450	18 11	3 90
Australia	32,662,792	4 23	5 40
Austria	39,197,450	466 63	6 50
Belgium	53,533,000	1,784 00	6 51
Bolivia	58,560,000	45 00	19 50
Brazil	61,981,400	7 16	1 45
Bulgaria	15,628,380	156 20	2 51

Country	Estimated amount defence—1937	Approximate Expenditure per sq. k.m.	Approximate per capita
Canada	$35,000,000	$ 3 68	$ 3 18
Chile	20,760,000	27 96	5 00
China	144,900,000	13 05	0 32
Columbia	6,888,000	6 18	0 75
Costa Rica	424,800	7 00	0 75
Cuba	18,381,600	183 00	4 69
Czechoslovakia	62,586,170	447 04	4 12
Denmark	9,552,780	222 13	3 00
Dominican Republic	380,000	7 63	0 25
Ecuador	1,246,560	4 00	0 60
Egypt	10,627,050	10 60	0 67
Estonia	4,939,500	105 08	4 45
Finland	19,879,205	51 23	6 33
France	437,558,875	794 11	10 65
Germany	2,799,620,600	5,956 64	41 72
Greece	27,880,837	214 46	4 50
Guatemala	1,778,400	16 09	0 71
Haiti	1,360,000	52 31	5 00
Hungary	17,380,000	185 37	1 94
India	154,775,140	33 65	0 42
Iran	16,349,880	11 87	1 06
Iraq	5,142,956	11 35	1 74
Irish Free State	7,328,437	106 20	3 50
Italy	313,267,500	1,010 54	7 45
Japan	401,001,400	594 95	4 14
Latvia	7,990,200	121 05	4 63
Lithuania	12,919,200	230 60	5 16
Grand Duchy of Luxemburg	336,800	168 00	1 13
Mexico	22,240,000	11 68	1 23
Netherlands	41,120,050	1,177 01	5 12
New Zealand	4,918,725	14 62	4 00
Nicaragua	470,850	4 50	0 75
Norway	10,311,000	34 33	3 68
Panama	84,400	1 00	0 16
Peru	8,554,000	6 08	1 39
Poland	145,689,600	375 23	4 26
Portugal	28,000,080	304 30	3 84
Roumania	68,322,890	231 60	3 65
Russia	4,020,440,000	191 42	20 07
Salvador	1,440,000	42 35	0 87
Siam	10,252,000	19 79	0 75
Spain	68,559,200	136 30	2 76
Sweden	45,795,420	104 06	0 74
Switzerland	23,628,045	576 04	5 75
Turkey	50,976,200	66 81	3 14
Union of South Africa	8,140,981	6 75	0 88
United Kingdom and Northern Ireland	1,278,079,500	5,238 03	27 19
U.S.A.	993,200,000	127 33	7 75
Uruguay	7,593,600	40 60	3 75
Venezuela	7,750,000	8 51	2 27
Kingdom of Yugoslavia	54,501,840	220 65	3 60

Afghanistan, Saudi Arabia, Honduras, Liberia and Paraguay are not listed on this table. I could not obtain any adequate rate of exchange.

I mentioned that these figures are given in Canadian currency. We must keep in mind, when comparing expenditures with other countries having a lower standard of living, that the same amount will produce more value in labour and material in such countries. As Canada has a high standard of living, it would make the proportion for defence less than in a foreign country for the same amount.

I have made no reference to colonies or dependencies, as they have themselves no budget for defence. They have police forces which act as defence guards, but their cost is not included in this statement.

I do not agree with the hon. member for Greenwood (Mr. Massey), when he said in effect that the expenditure for Canada is grossly inadequate. We have to keep in mind in connection with our expenditure for defence our internal possibilities, and a balanced proportion to other expenditures must be maintained. We cannot afford to spend all our money on training a new army when we already have with us an army on relief. The maintenance of Canadian unity is also a serious factor. It is just as serious to have bankruptcy and dissension from within Canada as war from without. I should say, however,

that I support the suggestion made by the hon. member for Parry Sound (Mr. Slaght) that as our next step we must try to increase our air force and develop within the next two years say one thousand Canadian air pilots. I recommend this suggestion to the Minister of National Defence and to the government for their most serious consideration. In other words, I submit we should go as far as possible, keeping the expenditure within a reasonable proportion and maintaining an increasing defence in the air. The trend of defence in other countries in the development of their air forces is out of proportion with the other units of defence, and Canada must keep this in mind.

In this morning's paper we find a declaration from Rome yesterday by the premier of Italy in these words:

> Aerial warfare is destined to become increasingly important in the war of to-morrow.

Developments the world over substantiate that statement, and Canada must not forget this development.

I have gone over the amount of our estimates for defence as well as the estimates for other countries. We must realize that huge expenditures are being made throughout the world, and these expenditures are apparently on the increase, in that for 1938 the estimates for Great Britain, the United States, France, Germany, Italy and Japan are growing by leaps and bounds. We saw an announcement from Tokyo last Sunday stating that the government had introduced and gained enactment of the regular budget of $830,000,000 and a military budget of $1,400,000,000 to meet the cost of the war in China in 1938; in other words, more than three times the expenditure estimated by the League of Nations for Japan in 1937.

We have in this morning's paper a further declaration from the premier of Italy referring to the cost of war. He declares that by arming further, regardless of cost—note that—he intends to assure general peace, but above all "our peace." This may all end in the general bankruptcy of nations. I sometimes wonder whether that is not the next hazard of this world rather than that of war. The figures I have just given are food for serious thought in that regard. The expenditures of Canada, however, must be viewed from two angles: How much can we spend, and how far should we go? The proper course is not going to be that indicated by one extreme or the other; the proper course must be that followed by the best considered opinion of Canadians as a whole, keeping in mind the past, having a thought for the present, and an eye for the future. It appears reasonable that we should at least follow the other dominions of the commonwealth. We are in more or less the same position as they are. On looking at the estimated expenditures for 1937 of Australia, Canada, the Irish Free State, New Zealand and the Union of South Africa, we find a total of $88,000,000. Out of that Canada spent $35,000,000. Australia, it is true, has increased her expenditure this year. The average per capita expenditure for the nations of the commonwealth outside Great Britain amounted to $3.39 as compared with Canada's $3.18. I am of the opinion that the estimate which we are going to be asked to vote upon for national defence is a fair amount, having in mind our external situation, our financial ability and our geographic position, and I intend to support each item of the estimates when they are voted.

I have referred to expenditure. I now propose to deal with the policy of the government in making those expenditures, having particular reference to the maritime provinces. It has been declared by the Minister of National Defence that the Canadian defence policy is in the first place for the preservation of Canadian neutrality; in the second place for the defence of Canadian coast lines, ports and terminals, and for the defence of the focal areas of our trade routes in case of necessity. We in the maritimes are particularly interested in the defence of our coast lines, ports, terminals and trade routes. I think at this time it is fair to go back to the last war, 1914-1918, and try to find indications there of what we can expect in the next war. We find that on the Atlantic coast at the close of the war, as nearly as I have been able to get the correct figures, we had:

10 auxiliary patrol vessels
12 Canadian trawlers
7 trawler sweepers
36 trawlers
36 drifters
15 drifters (imperial and temporarily loaned)
6 United States submarine chasers
1 United States torpedo boat.

In all, on the Atlantic coast we had 123 ships. It should be realized by every hon. member that German submarines were within twenty-five miles of the Atlantic coast during the last war. I well remember vessels that I had seen a number of times which were sunk within seeing distance of the shore. This may surprise some hon. members, but in order that there may be no doubt whatever in their minds I should like to refer them to the report made by a commission appointed by this government. I refer to what is known as the reparations commission, which reported first

in 1927 and again in 1930, 1931, 1932 and 1933. This is officially known as the report of the royal commissioner appointed by His Excellency the Governor General in Council in pursuance of the Inquiries Act to investigate and report upon all claims which might be submitted to the commissioner for the purpose of determining whether they were within the treaty of Versailles, and the fair amount of such claims. At page 21 of this report it is indicated that in class A, having to do with fishing schooners and fishermen, there were 758 claims amounting to $1,113,-384.09. Then on page 71 of the report there is an illustration of what was occurring:

Re Schooner Nelson A

Claimant is a Canadian. The schooner, 72 tons, was captured by enemy submarine August 4, 1918, and sunk by bombs twenty-five miles from Shelburne. She had sailed from Yarmouth in July and was returning from a fishing trip off the Nova Scotia coast, with a catch of 625 quintals of halibut.

There will be found in the report reference to twenty-one vessels that were dealt with in that way, a number of them close to the Atlantic coast.

Mr. MacNEIL: Were these vessels sunk by direct enemy action within Canadian coastal waters?

Mr. POTTIER: No; they were not within the three mile limit, if that is what my hon. friend means.

Mr. MacNEIL: Were they within the twelve mile limit?

Mr. POTTIER: No; they were within twenty-five miles of shore. As I have already indicated, in this report there will be found reference to no less than twenty-one such schooners, and there were some 737 claims, chiefly of individual fishermen or other persons on board those vessels. That was what happened in the last war. Just try to imagine what will happen if we have another war! We shall have submarines and airships to contend with, particularly if the same countries are involved. Can anyone argue, in the light of these facts, that we should not make provision for our defence?

In the maritimes we have two particular interests: First, the defence of our person and property and, second, the defence of our trade routes, as indicated in the policy of the government. There may be some people in some parts of Canada who care little for our person and property. I submit, however, that as Canadians we are entitled to defence proportionate to what the whole of Canada can adequately provide. It must not be forgotten that if one portion of Canada is seized, it means wreck and ruin for the remaining portion. A foothold anywhere in Canada means disaster to the whole country.

The second interest of the maritimes is the defence of our coastal trade routes to the United States, Great Britain, the West Indies and other parts of the world. We live by the sea. In my constitutency of Yarmouth-Shelburne-Clare, for example, the new wealth produced each year through commodities being shipped out of Canada comes from fisheries, lumber and farming. From fisheries we receive approximately $1,150,000; from lumber, approximately $250,000, and from farming, roughly $300,000. That is all new wealth created by reason of these trade routes. That is the only way in which we can buy the manufactured articles, clothes and flour produced in the other portions of Canada. Do away with these routes and we cannot buy. The people have nothing but starvation facing them, particularly in my constituency, if, for example, trade routes to the United States are interrupted in such a way that we cannot ship our fish, particularly lobsters. If that takes place, we can no longer buy from any other portion of Canada. One must also remember that through these trade routes pour out the products not only of the maritimes but of all the rest of Canada. Cut off these life lines, and not only the maritimes but every other portion of Canada will suffer.

These are all possibilities, and every serious Canadian must realize that such eventualities must be provided for. I ask hon. members to keep in mind what happened in the last war on the Atlantic coast in general. We were obliged practically to borrow a patrol squadron, and even with that the German submarines were all along our coast. At the same time I ask hon. members to try to visualize the probabilities in case of another war, to understand the necessity for maintaining as far as possible adequate protection of our coast lines and trade routes. I should like to suggest also to the Minister of National Defence that we in the maritimes look with what I might call a bit of jealousy, perhaps, at the steps taken for the defence of the Pacific coast. I suggest to the minister that so far as possible the defence of the two coast lines should be developed along the same lines and as nearly as possible at the same time. The amount estimated and the policy of the government in the expenditure of that amount should have the support of every hon. member.

In conclusion, I compliment the Prime Minister (Mr. Mackenzie King), the Minister of National Defence (Mr. Mackenzie)

and other members of the government upon the sound and orderly procedure they are following in the defence of Canada.

Mr. A. J. BROOKS (Royal): Mr. Chairman, may I at the outset congratulate the hon. member who has just taken his seat upon the excellent address he has made. I listened this afternoon to the speeches, and I hope I may be pardoned if I do not attempt to follow very closely the observations which were made. These addresses seemed excellent, so far as the history of the League of Nations, the Locarno pact, and other matters of that kind are concerned; but unfortunately we are living in a practical world, and the conditions which face the people of Canada, and people outside Canada, are not particularly connected with the history of the past, but have a closer bearing on what may happen to us in the future.

One remark of the hon. member for Essex East (Mr. Martin), which I am sure commends itself to all, is that our first duty is to keep our country out of war. I believe every Canadian has that ideal in mind, and it is our fond hope that Canada may never again be involved in a great war. The further question which presents itself is this: If we fail to keep Canada out of war, what preparation have we made to defend ourselves?

The debate during the last ten days on defence estimates must indicate that during the last few years Canada has become more defence conscious than at any other time in her history. It is not my intention to deal with the many pertinent events responsible for this attitude of mind among our people, but I believe one of the most striking examples of the change of attitude has been shown by the change of mind of certain members of the House of Commons during the past year. We remember that one year ago, when the estimates of the minister were before the committee, certain members of his party, and of the government, were strongly opposed to them. This year some of those same members have stated definitely that they are supporting the estimates for the present year although the amount is practically the same. This is indeed an evidence of the change of mind not only of people throughout the country but of members of the House of Commons.

Candidly, I believe this change of mind is more than justified. I believe it is prompted not by any great, national nervous sentiment sweeping the country, but by that age old instinct of self-preservation. We, in conjunction with other peace loving nations of the world, realize that in a world evidently gone mad with the false doctrine of brute force, the only thing to do is to make some effort to protect ourselves in the event of our becoming the object or victim of aggression.

I congratulate the minister upon his able speech delivered a week ago in presenting his estimates to the committee, and I also congratulate him upon his defence program, so far as it goes. I assume the minister required considerable courage to raise the estimates even to the amount at which they now stand, although still inadequate.

I should like to follow the observations of the hon. member for Shelburne-Yarmouth-Clare (Mr. Pottier) in discussing these estimates, and matters of defence as they apply to the maritime provinces. I believe I may be pardoned for limiting my remarks in this way, because members from other parts of Canada have discussed the estimates from a sectional standpoint.

It is generally admitted by all that our two coast lines are the vulnerable sections of the dominion. They are also the sections which require the greatest expenditures for defence and which must be guarded most carefully. We are very fortunate indeed in having two great oceans separating us from the warring nations of other parts of the world. Yearly those oceans are becoming narrower, and we are becoming more vulnerable on account of the inventions of war and methods of warcraft. Then, too, we are fortunate in having to the south of us a friendly nation. For over one hundred and twenty-five years the United States has been a friendly and peaceful neighbour, and I believe we are justified in feeling that that country will continue to be friendly and peaceful so far as we are concerned.

As was pointed out by the hon. member who preceded me in the debate, more money has been expended on the Pacific than on the Atlantic coast. When we ask ourselves why there is a difference in expenditures, the answer becomes obvious. As our first line of defence on the Atlantic coast we have the British fleet, a fact which was carefully pointed out by the minister. While we do not give general expression to the idea, we all realize that in eastern Canada we must rely upon the British fleet for our defence, but that on the western coast we cannot rely upon any particular fleet. For that reason we must spend more to defend that section of the country. I do not believe there are more potential enemies on the Pacific coast than on the Atlantic; but because we have England and the British fleet on the Atlantic coast we may feel more safety in that section of

the country, and a justification for spending more money on the Pacific than on the Atlantic.

Many hon. members have said that the English navy is our first line of defence. May I point out that I believe it to be the only line of defence at the present time so far as eastern Canada is concerned, and it is not costing the people of Canada one cent. Nevertheless there have been very few words of appreciation uttered in this house for that defence. As reported at page 1650 of Hansard, the minister said:

> In regard to the exact position of Canada it is only fair to say that to-day the main deterrent against a major attack upon this country by a European power is the existence of the British fleet in north Atlantic waters. An attack on Canada's overseas trade at the most congested points on our coasts in the opinion of those most competent to observe and advise would be limited to minor raiding forces.

We all recognize that fact: The English fleet is our first line of defence.

What is the second line of defence for our eastern ports? It might possibly be considered to be the Canadian fleet. The Canadian fleet on the Atlantic consists of two destroyers and some mine sweepers. Does the minister consider that these ships can provide any defence for our coast should the first line of defence be defeated? I am satisfied that should the British navy be defeated and enemy battleships come to our coast, our destroyers with their limited gun range could offer practically no defence, even against one battleship.

Our third line of defence, as far as our ports are concerned, are the coastal batteries which are to be established. I understand that on the Pacific coast the first stage of development has been completed and that they are now continuing with the second stage. Perhaps I might inquire of the minister how many stages there are altogether?

Mr. MACKENZIE (Vancouver): The works on the Pacific will take about three years, that is for interim armament. That does not take into consideration any permanent ordnance in the form of heavy guns.

Mr. BROOKS: The first stage has not even been started yet on the Atlantic coast. As far as any defence batteries are concerned, the Atlantic coast cannot expect any protection for at least three years. I understand that it is very difficult to obtain guns of the type necessary to defend our coast.

Mr. MACKENZIE (Vancouver): It is absolutely impossible as long as we insist on ordnance uniform with that of Great Britain.

[Mr. Brooks.]

Mr. BROOKS: I assume the minister wants to get the most modern defence equipment.

I come now to what might be considered our fourth line of defence, that is, our air force. It has been said that the people of Canada have become air-minded, but I was wondering if the statement made by the minister is borne out by the opinion of many military experts. On page 1649 of Hansard he is reported as follows:

> Let me say just one word with reference to the functions of the air force in connection with the government's program. A well equipped and efficient air force is, in my opinion, of primary importance for the protection of Canadian territory and waters, and in view of the rapidly increasing performance of modern aircraft the possibility of attack by such means is to-day a probability.

The minister says that our air force is to be our great defence against attack. In this connection I notice that four air fields have been established in the maritime provinces at Yarmouth, Dartmouth, Truro and Sydney, all in the province of Nova Scotia. In matters of defence I do not want to be at all narrow-minded, but I would point out to the minister that the two great ports on the Atlantic are Halifax and Saint John. If both these two ports are to be defended by means of aeroplanes, a landing field should be established in the vicinity of Saint John. It seems to me that when the question of the establishment of air fields was being considered, some consideration should have been given to Saint John as it is one of our great Canadian ports. The town of Sussex is the centre of a military training area for the province of New Brunswick. There are many splendid fields nearby which could be easily developed as airports. Any of these would be within easy distance of Saint John.

Reverting again to the value of aeroplanes for defence, I am sure that the minister and hon. members know that in the civil war now raging in Spain every arm is being tried out to determine its practicability. Experts of all nations have been watching the development of armaments in that devastated country. I should like to quote from a statement by Thomas R. Phillips, a member of the faculty of the United States general staff school and at present the United States army expert in Spain. His opinion of aeroplanes as a means of defence is as follows:

> Americans for many years have been subjected to the affirmation of an axiom to the effect that the best defence against aerial attack is our own air force. In Spain this has not proved true in its literal sense.

I think it was the hon. member for Vancouver North who referred the other day

to the time required for an aeroplane to leave the field and reach the necessary altitude to fight off oncoming bombers or other attacking aeroplanes. I quote again:

The reason our own pursuit in our back yards cannot protect us is not complex, though it is little understood. In soldier terminology, it is a matter of time and space—time for warning, time to reach a fighting altitude, and distance to be flown before interception. Defending airplanes are presumed to be able to leave the ground fifteen minutes after receiving warning. This assumption is generous. It presupposes that the squadrons are alert—that is, pilots on hand and engines warmed up periodically to insure safe take-off. When planes are widely scattered on the ground and hidden from enemy bombers, the time allowed for take-off must be increased to more than fifteen minutes. After taking off and forming into squadrons, the pursuit must climb to fifteen thousand or more feet. Another seven or eight minutes gone. Thus a minimum of twenty-two minutes' warning is required to give the defenders time to get off the ground and make ready to fight. Translated into warning distance, the warning system, if the attacking bombers approach at 250 miles an hour, must give warning when the enemy bombers are ninety-two miles distant.

There is much more along the same line. As I say, it has been the experience in Spain that the aeroplane does not provide the best defence for towns and cities. It has been proved that it is better when used as an offensive weapon. The other day an hon. member inquired as to the feasibility of aeroplanes as a defence against attack by battleships. It is the opinion of many military experts that it is becoming more difficult for an aeroplane successfully to attack a battleship or any other type of ship. This difficulty arises from the height at which an aeroplane must fly. From fifteen to eighteen thousand feet up, to escape anti-aircraft guns on every battleship, the battleship itself appears as a mere speck on the ocean, and in view of the speed at which the aeroplane flies, and the apparent size of the target, it is almost impossible for an aeroplane to bomb a ship on the ocean.

Our fifth line of defence for our ports—and I think it is the most practical and useful a defence our cities and towns could have—is anti-aircraft artillery. This has been proven conclusively on the battlefields of Spain and in other parts of the world where conflicts have been taking place. I should like to quote again from the article from which I quoted a few moments ago:

Great success and dismal failures have been exhibited by anti-aircraft artillery in Spain. Both can be accounted for by the degree of training of the gunners and relative excellence of the equipment. Antique French guns, first used by the government, failed completely. New German equipment, with robot-operated direction finders which send aiming data electrically to the guns, have scored remarkably. The Englishman, Air Commodore Charlton, after a visit to insurgent Spain, wrote that the German gunners, in the first three or four salvos, would pip off a bomber at 12,000 feet practically every time, if it was flying a straight course.

That shows how effective anti-aircraft artillery has become. The article goes on to say:

The German anti-aircraft artillery of 88 millimetres calibre—about three and one half inches—fires accurately to an altitude of 25,000 feet. The government now has a large amount of Russian anti-aircraft artillery modelled after the German. Due to poor manufacture, as well as indifferent training of the gunners, it has not performed well.

Against low-flying planes, Spain is a proving ground for the German 20 millimetres—about 8 inch—automatic anti-aircraft cannon. This gun, with two barrels, fires high-explosive projectiles, 360 rounds a minute. Each shell is equipped with a supersensitive fuse which will explode on contact with airplane fabric. It is remarkably effective. The gunner follows the smoking tracers like the spray of a hose and quickly gets his stream of fire on the airplane.

The success of anti-aircraft guns in Spain has started all Europe feverishly building quantities of them. European nations see that cities and rear areas cannot be protected by airplanes; only the anti-aircraft guns are always ready and waiting. Great Britain bought the entire output, for three years, of certain types of anti-aircraft guns of the Bofors factory in Sweden. France has revised its production plans. Italy is dissatisfied with its combination anti-tank and anti-aircraft weapon. Their experience has proved that the anti-aircraft gun must be constructed for its special use.

I am pointing these things out simply to bring to the minister's attention that if we are to protect, especially during the three years in which we are building gun emplacements, our coastal areas and our cities and towns from bombing raids, which as the minister stated the other day is the most likely form of attack, we must have in these areas anti-aircraft guns. We should have effective anti-aircraft artillery in the city of Montreal, in the city of Quebec, in the ports of Saint John and Halifax, and on the Pacific coast.

Mr. MacNICOL: And in Toronto.

Mr. BROOKS: We might even consider it necessary to have anti-aircraft artillery in Toronto. I think the minister will agree that there is a great scarcity of these guns. The article from which I have quoted states that at the present time there are only forty-two such guns in the United States, and it would require, for the defence of New York city alone, nine hundred of them.

I point out these facts to show again that the only defence we have for our eastern Canadian ports at the present time is the

British navy, and it is the only defence which we are likely to have for some time to come.

As an ex-militia man I wish to commend the minister for the attention he is giving to the different branches of our military services. The permanent force, I understand, is to be slightly increased, but not even the most extreme pacifist in this country or anywhere else could accuse us of being militaristic considering the small permanent force we have.

As regards the non-permanent force, I am sure the minister will agree that during the years of the depression and in past years, when it has been almost impossible to get money for militia purposes the non-permanent militia in Canada has carried on in an admirable manner considering all handicaps. I know of officers and men in different units who have been willing to go into camp on half pay, and other officers who have contributed all their pay in order that more men might be trained and the force become more efficient. It is also true—and this shows the importance of our militia to Canada—that during the last war the officers of the non-permanent militia formed the nucleus for the training of the battalions that went overseas, and I would suggest to the minister that any money which is spent on training officers is money well spent. It is not possible or desirable to train a large standing army in Canada, but we know that, if trouble comes, it is much easier to train the men and prepare the troops by virtue of having well trained, capable officers. We also know that it takes many years, especially in these days of technical equipment, to train men for positions as officers.

The hon. member for Vancouver North (Mr. MacNeil) mentioned training for physical fitness in Canada. I do not intend to stress that point, but every nation in the world to-day—and we in Canada learned this lesson in the last war—is aware that physical fitness is one of the ways in which any country must first prepare to defend itself in time of emergency.

A great deal has been said about Canada's foreign policy. I do not consider myself qualified to discuss the question; but I have my own humble opinion, and it is simply this, that we should be united for the defence of the empire. Britain's foreign policy, as it was given to the world a few days ago by Mr. Chamberlain, went further. He said that England would go to the defence of France if necessary, and to the defence of Belgium. I do not think it is perhaps necessary for us in this country to go that far. As a matter of fact, I would be loath to see Canada have to send an expeditionary force across the ocean again to defend any country except England or some other part of the British Empire.

As I said a moment ago, I believe that the foreign policy of Canada can very well be tied up with that of the other nations of the British commonwealth, for the defence of the empire collectively, and individually if necessary. Ex-Premier Baldwin, speaking a short time ago, said that Britain's first line of defence was on the Rhine. We in Canada have no assurance where the first line of defence for Canada may be. I do not think we can assert conclusively that our first line will be the shores of the Pacific coast or the Atlantic coast. It may be better for us, in conjunction with Great Britain and perhaps some other country, to stop the enemy from crossing the Atlantic and landing on our shores. I mentioned a little while ago, and it was observed by some other speaker this afternoon, that Canada is well qualified to provide airmen not only for the defence of our coasts but for defensive service abroad if need be. The aeroplane is an offensive weapon, and should it become necessary for Canada to join in the defence of the empire and act in her own defence, we might very properly, in order to strengthen what would be our first line of defence, send airmen overseas if England should be attacked. I am convinced—and I think every sane person in this dominion is of the same opinion—that if England should be destroyed, it would be too late for Canada to protect herself. We claim that we are a nation. As a nation, it is our responsibility to protect our citizens, not only at home but abroad. They should be able to rely upon the protection of Canada whether they are in this country or any other. A few days ago the hon. member for Beauharnois-Laprairie (Mr. Raymond), in an excellent speech, with much of which, however, I do not agree, said:

> Would England or the United States protect us? As far as England is concerned, we cannot expect from her anything that goes beyond her own interest.

As a Canadian, I object to that statement. I do not think it can be said that Britain has been concerned only with her own interests and the protection of her own people. For a hundred years England has helped to protect this country of ours. She did so before we reached the status of a nation, and, as declared in her policy, she is prepared to do so to-day. I should like to call the attention of hon. members to an incident which happened not very long ago in China, during the

troubles there. Many hon. members must have read about it. It will be remembered that up one of the Chinese rivers a Canadian mission from the province of Quebec was in great danger, not only from Japanese forces but from bandits in the Chinese army. It was not a Canadian detachment that went to the defence of the mission; a British gunboat manned by a British crew and guided by one of the good fathers of the mission went to the protection of our people. England was protecting Canadians in that country, and it cannot be said that she was actuated by any selfish motive.

There is not an hon. member but can claim that since the last war England's policy has been one of peace. If she were an aggressor nation, there would be a reason why Canada and other nations would not care to join with her. But her national policy has been one of peace and non-aggression. If, as was stated here this afternoon, the League of Nations has failed, that failure cannot be laid on the shoulders of Great Britain. England has done everything that is nationally possible for a country to do to hold the league together. As regards the Locarno pact, the Washington treaty, and any other treaty into which she has entered with any other nation, she has done her share and more. I am satisfied that had other nations, members of the league, done as much as England did, the world would not be in the unhappy position it is in to-day.

Let it be remembered that other nations are seeking alliance with England. They are not afraid of the involvements of an alliance. In this country we hear much talk of collective security. We know that Canada could not stand alone; but if we wish for collective security, how can we hope to defend ourselves better than by uniting with other parts of the British Empire? If France, Belgium, and many other countries are willing to join with England, I am satisfied that we should be safer and our defence against aggression would be stronger if it were known that we are united with England as far as empire defence is concerned.

I have said that in these days we hear some boasting about our Canadian nationhood. We are all proud of Canada, and with good reason; we are Canadians first. It has been said that we should be proud to be a nation. I remember that during the great war it was the Canadian corps that placed the Canadian name so high in the opinion of the world at that time and as it stands to-day. It was through the achievements of the Canadian corps and Canada's fighting troops that Canada became a nation. But there was no great clamour among the men who fought overseas for "Canadian status." That was left to the politicians and those who remained at home. We were proud to wear on our shoulder-straps the word "Canada." But we were not particularly anxious that we should be known as a nation; it was enough for us that we were part of the British Empire.

I intend to support the estimates of the hon. minister. I wish him all speed with them. I hope that there will be no necessity to use the armaments he is preparing for the defence of our country, and I realize that time is the essence of the matter. In the meanwhile, until we have our coast defended, until we can obtain guns suitable for coast defence, until we have the anti-air-craft guns necessary to defend our cities, let us pray that there shall be peace at home and abroad; and at the same time, I believe, we shall be justified in thanking God that we have the British navy.

Mr. H. S. HAMILTON (Algoma West): Although we are in committee on one of the items in the estimates of the Department of National Defence, the discussion has been quite general on the defence policy of Canada; and as I have definite views on that subject, and as it is undoubtedly important, I feel a sense of obligation to express them. I have followed carefully most of the speeches. In considering them I find that there are some common grounds on which apparently most hon. members agree. My desire is to see what these common grounds are and then give my views in regard to the points where there are differences of opinion.

First, I should like to congratulate the Minister of National Defence (Mr. Mackenzie) upon what I consider the successful way in which he has fulfilled an extremely difficult role, finding a defence policy along what might be called the middle road, in which I am sure he will secure the support of the majority of the members of this house. By accident a few days ago I happened to read some remarks of the Right Hon. John Bright, delivered in Birmingham on January 13, 1878, on the danger of war with Russia. To me his remarks carry a warning by which I wish to benefit in discussing the subject now before us. I read from a volume in Everyman's Library entitled Selected Speeches of the Right Hon. John Bright, M.P., on Public Questions, at page 169:

> It is a painful and terrible thing to think how easy it is to stir up a nation to war. Take up any recent history of this country from the time of William III until now, for two centuries or nearly so and you will find that wars are always supported by a class of arguments which after the war is over the people find were arguments they should not have listened to. It is just so now, for unfor-

tunately there still remains the disposition to be excited on these questions. Some poet, I forget which, has said

Religion, freedom, vengeance, what you will,
A word's enough to raise mankind to kill;
Some cunning phrase by faction caught and spread,
That guilt may reign and wolves and worms be fed.

"Some cunning phrase by faction caught and spread," like the cunning phrase of the balance of power, which has been described as the ghastly phantom which the government of this country has been pursuing for two centuries and has never yet overtaken. Some cunning phrase like that we have now of "British interests." Lord Derby has said the wisest thing that has been uttered by any member of this administration during the discussions on this war when he said that the greatest of British interests is peace. And a hundred, far more than a hundred public meetings have lately said the same; and millions of households of men and women have thought the same. To-night we shall say amen to this wise declaration. I am delighted to see this grand meeting in this noble hall. This building is consecrated to peace and freedom. You are here in your thousands representing the countless multitudes outside. May we not to-night join our voices in this resolution that so far as we are concerned the sanguinary record of the history of our country shall be closed, that we will open a new page on which shall henceforth be inscribed only the blessed message of mercy and of peace?

I wish personally to remember the warning how easy it is to stir up a nation to war, and what a painful and terrible thing it is. I have been impressed in the discussions before this committee with the obvious anxiety of all hon. members to let it be known that they and we, this house and the people of Canada, are anxious to follow as our foremost object the preservation of peace. It is because I feel the government have so carefully and studiously set their course to achieve that object that I wish to compliment the Prime Minister (Mr. Mackenzie King) and the government upon their efforts toward that end.

I heard a question asked to-day by the hon. member for Rosetown-Biggar (Mr. Coldwell) as to the policy of Canada on oil sanctions. For myself I thank the Prime Minister and the government for the action they took in that matter. It may be all very well for Canada to take responsibility for possibly plunging Europe into a terrible war, a war in which millions of men would be slaughtered, and Canada herself perhaps be able to stand aloof from participation in that war. If Canada had been responsible, as she might well have been, for a war of the proportions that might have broken out, I think it would have been a ghastly thing if Canada herself had not thrown all her force and strength and all her man power into subduing the conflagration which she had brought about. If Canada was ready to follow the possible consequences, well and good. If she was not prepared to follow those consequences, the course she took was a wise one; and personally I am pleased that she took that course.

The hon. member for Grey-Bruce (Miss Macphail), in commenting upon the fact that we do not prevent the exportation of raw materials which may be used in warfare, said that it just did not make sense to be sending out to other countries, potential enemies, material which might be used against Canadians. I agree with her; it does not make sense. Yet I think there is a just reason for it. To-night we have a terrible situation in Asia and in Europe. We feel sympathy for the British statesmen with such terrible responsibilities on their shoulders—how they bear them I do not know—striving as best they can so to adjust and direct their course as to avoid war which might otherwise result. I do not know the factors involved; I do not know how close they are to war; but I can see that the existing situation is precarious. European humanity is under a sword similar to that which hung above the head of Damocles, a naked sword, a terrible sword, a sword suspended by a hair. I believe that to-day statesmen who represent Great Britain and other nations are exerting their best efforts to ensure that that sword does not fall, with the terrible consequences which would result to humanity in Europe, millions of human beings who would be killed or suffer through the destruction of their homes and their country. My feeling is that I and other members of this house, as well as the government, should be very careful that, in ignorance or lack of information, we do not do something which might sever that hair. So, while I realize that it seems foolish to be sending munitions out of the country, without fuller knowledge we cannot afford to do things which might bring about such serious consequences in Europe.

I said that I thought there was some common ground on which hon. members were in agreement. I think this committee agrees that we are prepared to defend Canada. I believe the hon. member for Vancouver North (Mr. MacNeil) emphasized that fact, and I think other speakers have indicated that there is general agreement throughout this chamber that we should do those things which are necessary to defend Canada. The difficulty is in ascertaining what constitutes defence. What is involved in the defence of Canada? What are the limitations of defending Canada? It is apparent at once, I think, that what might be termed local defence, the actual repelling of invasion of our territories by

hostile forces, either on Canadian soil or at our shores, constitutes defending Canada. I think that is agreed. The anxiety of some is that we are not framing our defence policy or building our defence force for that definite purpose, but that we have in mind not facing the issue on Canadian soil or Canadian shores but rather in some way participating in that defence beyond Canada. My thought in that connection is that if war comes, we shall be up against stark reality. It will not be speeches in this house, words, votes or resolutions; it will be reality in its starkest form that we shall be up against, and I have no doubt whatever what will happen. The sound war strategy that will safeguard our people will prevail. Call it war hysteria or what you will, our people will demand that measures be taken which will safeguard this nation. If the change in sentiment in this house that I think is obvious as compared with last year has been brought about by what has happened during the last few months, how much greater would the change be if the things that have occurred elsewhere had occurred in Canada? The hon. member for Rosetown-Biggar said that civilization stood aghast at the barbarities of Barcelona. What if those barbarities had occurred on Canadian soil? Though not as likely, they are as possible on Canadian soil as in Barcelona or Shanghai, and if these atrocities that have occurred overseas, which have brought about a changed opinion in this house, had happened on Canadian soil, the aroused sentiment that would result would be what would guide Canadian policy when that day came.

The Minister of National Defence, as well as the Prime Minister, has stated that we have no commitments. I am glad of that, and I think the committee will accept that assurance. The hon. member for Vancouver North intimated that, without our intentionally being committed, events themselves would commit us to certain lines of action. My thought is that what will commit us to certain policies will be the events which will occur and which, if they are of major significance, will cause the Canadian people to speak to this house in no uncertain manner, and so guide this house in the action that should be taken. Ours are not the commitments of the government or the commitments resulting from any policy brought into this house by the minister and put forward as the policy of the government. There are no commitments of that kind at the present time. I do not think there should be any. I believe in Canada we should reserve our decisions until events occur which make it necessary for us to choose our course. But if, when that time comes, there are nations such as we have to-day, world powers with the philosophies, the ruthless attitude and the arrogant aggression which guide some countries to-day to such a great extent, if there is any serious threat to Canada I think it my duty to say that I have no doubt at all that then Canada will associate herself with those nations which can and will preserve her integrity, and will fight to bring about that result, wherever sound war strategy suggests that such fighting should take place.

In such circumstances, when facing stern reality, if Canada thought the safety of her territory and her existence as a nation were in jeopardy, she would demand that some leader, some man capable of following sound war strategy, should guide this nation in doing that which was most necessary to preserve intact our liberty and our territory. I am not referring to local raids, which we must keep in mind; I do not mean safeguarding our coasts in a local sense against anything that might take place in major or minor conflicts. I am talking of real threats to the safety of our country. Then sir, is it not right that we should ask: Could this nation stand by, and would it stand by, and see Great Britain and possibly the United States defeated or destroyed, and not consider that the defences of Canada were being broken down. Can we avoid, or do we not in our souls feel that if Great Britain were crushed, our first line of defence, as it has been described, would go with her? I would feel it. If the United States were crushed or destroyed, or were rendered incapable of assisting or of cooperating with Canada, would we not feel that we had lost a very important element of our defence? I think we would; I would feel it. And if those great nations were either destroyed or rendered incapable of aiding or cooperating with us, then, sir, would Canada, under the circumstances I have suggested, be able to safeguard herself? I do not think so.

My thought is that for the time being we cannot decide what Canada will do in the event of war. That would depend upon a hundred and one factors. The bombing of Barcelona would be different from the bombing of London; the bombing of London would be different from the bombing of Quebec or Halifax. I do not know what would happen if the House of Commons at Ottawa were bombed while the members were in session.

Mr. HEAPS: More gas.

Mr. HAMILTON: These matters are not decided finally until the issue is before us. I am not taking exception to what I think

is desirable—the education, if one would dare to call it that, which comes from these discussions and is sent out to implant in the hearts of our people a very real desire for peace, and a willingness to secure that peace not only by action but by inaction. And, sir, if we can decide what constitutes defence, the next question is: With what do we defend our country? With what do we defend it, either in the localized sense of coastal defence or territorial defence, or in the broader sense of association or cooperation with other greater powers, through safeguarding it wherever the war strategy of events may decree that we should defend it. I shall not attempt to discuss the technical end of what our force should consist. But in building a defensive force for Canada there are a few general matters which I should like to emphasize.

The first thing to secure in an armed force for Canada whether it be an air, naval or military force, is morale. That has always been considered one of the most important factors in any powerful, armed force, and I think it is brought about by confidence. There are things which poison the morale of an armed force. I believe any military man who has served overseas will appreciate that.

We have heard a great deal about profits made while men serve without much remuneration in a deadly game. I emphasize, in passing, that one of the most important matters would be to eliminate profit, with all its ramifications, should our forces ever have to take part in any warfare, and even in connection with the building up of our forces at the present time. I know something about this. I know the effect that things which occurred during the past war had upon me. There is a sense of injustice which must permeate the ranks of any force where, when they are risking their lives in a very real way, they are conscious of unfairness, and of advantage being taken of conditions in order to secure monetary or other advantages to which the people who seek them are not entitled.

If I were attempting in any way to say in advance what we would do in case of war—and I would not attempt to do that—in connection with profits alone I would have many suggestions to make. I wish to say this, however, that if it ever becomes my responsibility—and I hope it never will—to say what this parliament should do under certain conditions, involving the possibility of war, I hope and trust that I shall take a definite stand on the elimination of profits in connection with war. I would go even farther than that; I would think not only of money profits. We would have to see to it that there was some fairness in the decision as to who should serve in the front lines. If I were suggesting what might be advisable—and I do not profess to do so at this time—I might be inclined to suggest, as a brake on the possibility of our inconsiderately going into war, that the members of the House of Commons who vote for it, and who are under the age of fifty-five years, would have an opportunity of serving in the front line, and that parliament would see that they did have that opportunity.

Morale comes from confidence. Those in power and authority, and those who hold positions of strength, should use their powers fairly and for the benefit of those who are less able to take the advantages which some people higher up may take. I believe it was the hon. member for Rosetown-Biggar who said that many of the soldiers who fought in the last war have become disillusioned, and that they have lost those things for which they fought—or words to that effect. I cannot agree altogether with the hon. member, and I do not like to permit his statement to go entirely unchallenged.

Great sacrifices were made by Canada, and many lives were lost. It is true that we are disappointed in many things. It is true that many things we thought we would attain have not been attained. But I think it is going too far to say that we lost those things for which we fought. We still have the integrity of Canada. We still have the existence and integrity of the British Commonwealth of Nations. It is not right to say what we lost until we know what would have happened, had the reverse occurred. Since then we have brought about what we hope will be a great and enduring force for the betterment of world affairs. Since that time we have brought about a British Commonwealth of Nations. It may be that the right to do this was preserved by the fighting which occurred in Europe over twenty years ago.

It has been said that any force which we might raise in Canada would be more or less useless for defence purposes. That may be true in the narrow sense. If the great powers with whom we are closely associated are destroyed and we have to depend upon ourselves, that might be true. As the hon. member who has just spoken has said, the Canadian corps is a comparatively small unit, but modesty compels me to say that it was one of the best fighting units on the western front. It contributed materially to the winning of the war by the allies. The army that Britain dispatched to the continent when the war first broke out was quite small. That army is known now as the Old Contemptibles, but on more than one occasion they saved the

channel ports for Britain. Our defence forces when acting in cooperation with the defence forces of other countries can be a powerful military machine. Isolated and separated that may not be true; but if the final test comes eventually, we shall undoubtedly be associated with others and we can rest assured that a powerful fighting unit can be built up in Canada. This unit will not be too large, but we shall endeavour to make it as perfect as possible so that if it must be used it will be something upon which we can depend and of which we shall be proud.

The hon. member for Macleod (Mr. Hansell) referred to the fact that the Minister of National Defence had mentioned the liberties enjoyed in Canada. He did not agree altogether with the statement that we enjoyed complete liberty and he went on to point out his reasons. For some weeks the group to which the hon. member belongs contested in this house the policies of this government. They have the liberty to try to achieve those things which they say do not exist at the present time. I admit that we have not complete liberty when we get into the realm of economics. Complete economic security is something that we must yet attain, and that should be the main purpose of this parliament. But we have that which is so essential and vital, the key liberties that must be maintained. We have the right of free discussion. We have a free House of Commons, despite all that has been said against that contention. We have the right to dissent and disagree. We have the right to move resolutions condemning the government. All these rights have long since disappeared from many parts of the world.

I was surprised to hear the hon. member for Rosetown-Biggar say that one valid reason for a defence force was the necessity to defend democracy. There are three great democratic nations in the world. In any effort that is made to preserve democracy we must consider our relationship with Great Britain and the United States. I have lived in a border town all my life. I have been always able to see the United States on the southern side of the river. I have always seen the stars and stripes flying from their flagpoles; I have always heard the bugle calls from their barracks across the river; I have seen their men in uniform marching along, but ever since I was a boy none of these things has suggested anything but security, safety and friendship. I made this statement at the unveiling of a peace plaque at Sault Ste. Marie a few years ago, and I am glad to repeat it in this chamber. I forget his exact words, but President Roosevelt has said that the international boundary line is simply a line uniting the two nations.

I know that if the people in the town to the south of the town in which I live were in danger, we would feel as though our homes and our town were in danger. I am sure that if we were in danger they would have the same thought.

I think to-night of the terrible responsibilities and burdens carried by British statesmen. My heart goes out to them in the decisions they have to make. The whole world looks to Britain to guide the free nations of the world through the precarious situation that exists to-day. It is a prayer, perhaps inarticulate that:

> The meteor flag of England
> Shall yet terrific burn;
> Till danger's troubled night depart,
> And the star of peace return.

I believe that is the prayer in the hearts of millions and millions of people outside the British Isles. These are my personal views.

I end by saying that the greatest principle in our defence policy should be a united Canada. We must let the world know that we stand for peace and are ready to use our strength and resources to maintain it. We must let it be known that we are ready to bring it about where it does not exist. We must declare that when those things which we hold dear and precious are in danger, we are prepared to fight. I think the Minister of National Defence has gone a long way toward evolving a defence policy that will join together all parts of Canada. If the dread day ever comes and our armed forces have to march to war, I trust that beside them in spirit will march the whole Canadian nation.

Mr. H. C. GREEN (Vancouver South): Mr. Chairman, may I congratulate the member for Algoma West (Mr. Hamilton) upon the splendid speech he has just made. I think it was a most worth while effort.

While I realize that the minister has had a very heavy day, I doubt whether in all his long career in the public service he has listened so long and said so little in any one day. However, I know it will be both soothing and refreshing for him to finish out this bad day by listening to a few words from a fellow-townsman.

To me it is tragic that less than twenty years after the armistice we in this parliament should be forced to consider policies for the defence of the Canadian people in a world which appears to have gone mad. I am sure this is disheartening to every member of this house, and particularly to the minister and the other returned soldier mem-

bers of parliament. However, it is a situation that has to be faced, and in fairness to our people I think we should consider fairly and fully this whole question of defence in order that they may have all the facts before them and be that much better able to come to a proper decision as to what policy Canada should adopt.

I have a few suggestions to make to the minister which I hope will be helpful, also a few criticisms which I hope will also prove helpful. I make them in no spirit of partisanship whatever, because on this question of defence I think partisanship should be kept to the minimum.

I intend to speak first of the local defence of our Pacific coast, and finally—I am afraid it will not be to-night—on the general problem of defence and the question of Canada's foreign policy.

I should like, then, first of all, to carry you away on a magic carpet to the Pacific coast, to help you to get the point of view of those Canadians who live beside the Pacific ocean, or, in other words, the people of British Columbia, of whom I feel quite certain there will be about one million when the next census of Canada is taken in three years' time. Canada is a nation with an outlook on both the Pacific and the Atlantic, and in that I think we are fortunate. It always stirs me when I read the motto over the main door of this building, "The wholesome sea is at her gates, her gates both east and west," because I think it means a great deal to us as a nation to have this outlook on the two great oceans. I am quite sure it makes our people all the more moderate and all the more understanding in their dealings with the other peoples of the world.

Like the people in the rest of Canada, those Canadians who live on the Pacific slope are a peace-loving people. I think their main aim is to be on friendly relations with the other peoples with whom they come in contact and with whom they do business. We are particularly friendly with our neighbours of the Pacific states and of Alaska. They occupy much the same position in the union as we do in the dominion. Their problems are very much the same as ours, and there is a great deal of travel between our province and these Pacific states and the territory of Alaska. I think the two peoples have a very good understanding of each other, and there is a warm friendship between them.

We also have a most friendly feeling for the people of our sister dominions, Australia and New Zealand. I have no doubt it is difficult for eastern Canadians to realize just how much we are concerned with and interested in what happens in these two sister dominions. We have had for decades a line of ships running from Vancouver to Australia and New Zealand. We have done a great trade with these other British people, and our feelings for them are the warmest.

We also have kindly feelings for the peoples of China and Japan. We have had business dealings with them for decades, and we have had a line of ships running from Vancouver and Victoria to the orient for many, many years. We have had many contacts with the peoples of the orient. For example, a great many of our own new citizens, particularly in the last few years, have been Britishers retiring from the orient, and this has meant that we have had a little different outlook towards the orient and perhaps a little better understanding of the problems which face the oriental peoples. I must admit that our relations with them have been made difficult by reason of the extensive immigration from the oriental countries to British Columbia. It has served as an irritant because we have felt that we could not assimilate these people. But apart from this problem there has been the friendliest feeling between the people of the Pacific province and the peoples of those two great oriental countries.

Summing it up, we are much interested in what goes on in all these countries on the Pacific, and we are also very much affected by what happens there. Also, like the great majority of other Canadians, I think our people are firm in their belief in the British commonwealth, and in the ideals of the League of Nations.

That is the background, but in the last year on the Pacific coast we have been very much concerned over the aggressive attitude of Japan towards China, and more particularly over the threats by Japan against Great Britain. Many people in our province believe that if the Japanese had decided to challenge the British commonwealth, for example, by attacking Hongkong—and for a short time last fall there seemed to be a chance that that would be done—we on the Pacific coast might very reasonably be faced with a raid. Many people thought that was a distinct possibility. The situation was made doubly menacing by the fact that on our coast we had no adequate defences; that there were settled in our province thousands of their compatriots in strategic positions, some at the mouth of the great Fraser river and others up the river, where they straddled the two transcontinental railways, our main communication with the east, and that there were at

least twelve hundred fishing boats plying up and down our coast manned by Japanese fishermen. These things all made us think, and think very seriously, of the question of the defence of the Pacific coast. And remember that Japan is nearer to British Columbia than it is to Australia. I realize it is not a pleasant prospect.

It is not pleasant to realize that some Canadian people were in danger and could not be protected, but such was, and perhaps is, the case. The people on the Pacific coast remember that this is not the first time they have been placed in that position. In 1914, when war broke out, German cruisers of the China fleet got away on the Pacific. We had for defence one old cruiser—I believe it was the Rainbow—and one sloop—the minister will know the name—I think it was the Sheerwater. That constituted our defence. Sir Richard McBride, who was then premier of British Columbia, went to Seattle a day or two before the outbreak of war and was able to beg, borrow or steal—I do not use the last word seriously, because they cost quite a lot of money—two submarines which were there, having been built to the order of one of the South American republics. It was felt on the Pacific coast, whether rightly or not, that those submarines had a great deal to do with keeping the German cruisers away from Vancouver and Victoria. Later in the war our Pacific coast was protected by the Japanese navy, for which service we give them all due credit. I would point out to the committee that the Monroe doctrine was in force then just as much as it is now, but we on the Pacific coast were protected not by any unit of the United States fleet but by ships of the Japanese navy.

This ridiculous situation—as ridiculous now as it was in 1914—was caused by the fact that the Canadian parliament for years has been toying with the problem of defending the Pacific coast. Until early in the present century Great Britain protected it with a fleet, a garrison and fortifications at Esquimalt. Then Canada took over, and the result was that the fortifications were allowed to deteriorate and that we have never had on the Pacific coast more than one or two old ships until the last few years, when we had, first, one modern destroyer, and now we have two. I understand from the minister that the number is to be increased to four. A start has been made on modernizing the forts; some new fortifications are being constructed, and an attempt is being made to build up an air force—for all of which I give the minister and the government due credit. But, unlike the situation on the Atlantic, there is within thousands of miles no British fleet upon which we can rely for aid. Singapore is seven thousand miles away. Another British fleet is stationed in the British West Indies, also thousands of miles away and therefore of no practical use in the defence of our coast. It follows that we can expect no help from the British fleet. Apparently the government is relying upon the United States navy. In his speech the other day the minister said, at page 1793 of Hansard:

> Just as the British navy on the Atlantic is our greatest security in that quarter, so I think it might be reasonable to assume that in a major conflagration we should have friendly fleets—

He used the word "fleets," although I do not know where the other fleet was to come from.

> —upon the Pacific ocean, and the severity of raids upon our western seaboard would be limited—

Apparently even the minister does not believe that raids could be stopped at present, and they cannot.

> —by the strength and the position of these friendly fleets. Our major defensive buffer on the Pacific coast is not the Pacific ocean alone but the existence there of friendly fleets. There is no commitment or understanding in regard to these matters, but at this time I think reasonable assumptions are justifiable.

In other words, Mr. Chairman, it is a pious hope. Even then the United States fleet is expected only to limit the severity of the raids. We are apparently not in a position to protect our western seaboard from attack. I agree with the minister that the danger is from hit-and-run raids, possibly by a raiding fleet with an aircraft carrier or carriers. I believe that there is also, as he says, a danger of minor attacks to secure bases or to seize some of our resources. For instance, in the coastal area we have many pulp industries, copper mines and other resources, all of which might easily be held by an attack of that type. The Queen Charlotte islands, containing an area of approximately 3,800 square miles and almost uninhabited, would appear to be a splendid place for an enemy to attempt to establish a base. But I think the minister overlooked the fact that, in addition, our trade routes might be blockaded. There is an extensive trade going out of the ports of Vancouver, New Westminster and Victoria, and a considerable trade up the coast—my information is that over two hundred settlements on the Pacific coast depend upon boat communication for their supplies—and I fear that an enemy fleet might seriously interfere with all this trade. The danger is there, and the protection is not. I submit that the question for

the Canadian government to answer is this: Is it in a position now to protect those Canadians who live on the Pacific slope? If it is not—and the answer certainly is no—then steps should be taken at once.

Mr. Chairman, I have not finished, and it is now about eleven o'clock.

Progress reported.

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

Monday, April 4, 1938

The house met at three o'clock.

NEW MEMBER

Mr. SPEAKER: I have the honour to inform the house that the clerk of the house has received from the chief electoral officer certificate of the election and return of the following member, viz:

Of Orvis A. Kennedy, Esquire, for the electoral district of Edmonton East.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 85, for the relief of Dorothy Dean St. Clair Ross.—Mr. Jacobs.

Bill No. 86, for the relief of Frances Margaret Stewart Butler.—Mr. Walsh.

Bill No. 87, for the relief of Agnès Le Blanc Archambault.—Mr. Walsh.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

BRAMPTON, ONT., POST OFFICE

Mr. GRAYDON:

1. When was the post office building at Brampton, Ontario, constructed?

2. What was its original cost?

3. Upon what dates, and in what amounts was additional money spent upon said building by way of alterations, additions, improvements, renovations and repairs?

4. Will further expenditure be made on said building during the year 1938?

5. If so, for what purposes will this further expenditure be made?

Mr. CARDIN:

1. 1889-1890.

2. $29,096.38 (including cost of site $4,000).

[Mr. Green.]

3. 1891-1892	$ 17 14
1892-1893	46 10
1893-1894	156 26
1894-1895	181 18
1895-1896	12 10
1896-1897	30 50
1898-1899	35 10
1899-1900	62 00
1900-1901	155 00
1901-1902	11 25
1902-1903	129 76
1903-1904	514 25
1905-1906	60 78
1906-1907	907 63
1907-1908	480 06
1908-1909	102 39
1909-1910	214 52
1910-1911	57 34
1911-1912	1,210 97
1912-1913	159 40
1913-1914	5,061 58
1914-1915	5,368 08
1915-1916	824 59
1916-1917	870 34
1917-1918	32 25
1919-1920	22 20
1920-1921	24 41
1921-1922	1,447 57
1922-1923	125 43
1923-1924	113 25
1925-1926	123 02
1926-1927	219 98
1927-1928	3,445 26
1928-1929	386 07
1929-1930	638 99
1930-1931	126 73
1933-1934	259 45
1934-1935	2,263 60
1935-1936	1,386 26
1936-1937	79 93
Total	$ 27,362 72

4 and 5. Matter under consideration by Post Office Department.

CANADIAN NATIONAL RAILWAYS—BRANCH LINES

Mr. LECLERC:

1. What are the names of the companies which hold the capital stock in the branch line railway operated by the Canadian National Railways system between Farnham, Granby and Waterloo, province of Quebec?

2. What was the gross revenue of this railway? (a) How much was derived from Granby? (b) In what year was the station at that point erected?

3. Does this branch line furnish any profit to the Canadian National Railways after paying expenses of operation?

4. Has the Canadian National Railways system any interest in the Montreal and Southern Counties Electric Railway?

5. Is there a deficit in operating this system? If so, what is the annual amount?

Mr. HOWE:

1. The line forms part of the Stanstead, Shefford and Chambly Railroad Company, the capital stock of which company is held by the Centmont Corporation. The capital stock of the Centmont Corporation is held by the Central Vermont Railway, Inc. The capital stock of the Central Vermont Railway Inc., is held by the Canadian National Railway Company.

2. No separate accounting is maintained for this line; (a) This is a question of internal management and it is not the policy of the railway to make such information public; (b) About 1888.

3. See answer to No. 2.

4. The Canadian National Railway Company owns 62·1 per cent of the capital stock of the Montreal and Southern Counties Railway Company.

5. The operation of the Montreal and Southern Counties Railway before taxes and income charges resulted in a deficit of $60,-910.69 in 1937. The corresponding result for 1936 was $63,449.02.

CANADIAN NATIONAL RAILWAYS—POINTE CALUMET-OKA, QUE.

Mr. LACOMBE:

1. Has the Canadian National Railways system purchased by private arrangement certain lands between Pointe Calumet and the village of Oka, in the county of Two Mountains?

2. If so, for what purpose were these lands acquired?

3. What did they cost the railway company?

Mr. HOWE:

1. Yes.

2. To provide for a proposed extension of the existing spur to reach sand desposits and sand beaches on the north shore of the lake of Two Mountains.

3. $29,904.

TORONTO ISLAND AND MALTON, ONT., AIRPORTS—RADIO FACILITIES

Mr. GRAYDON:

1. What radio equipment and facilities will be provided at the municipal airports at Toronto island and Malton, Ontario?

2. Will such equipment and facilities be provided at the expense of the dominion government? If not, who will bear said expenses?

3. Will the appointment of radio operators at the said airports rest with the dominion government? If not, who will appoint them?

4. If said appointments are to be made by the dominion government, will they be made by the civil service commission?

Mr. HOWE:

1. The Department of Transport are now constructing and will maintain and operate a radio range station which will serve both airports.

2. Trans-Canada Air Lines will install, maintain and operate the two-way communication sets necessary.

3. The appointment of radio operators for the radio range station will rest with the Department of Transport; The appointment of the radio operators required for the two-way communication service will rest with Trans-Canada Air Lines.

4. The radio operators employed by the Department of Transport will be appointed by the Civil Service Commission.

FARMERS' CREDITORS ARRANGEMENT ACT—COST OF ADMINISTRATION

Mr. HYNDMAN:

1. What has been the cost, by provinces, of the administration of the Farmers' Creditors Arrangement Act, each year since its inception, to date?

2. What is the total amount paid by the government to date for legal services in connection with the administration of the said act?

Mr. DUNNING:

1.	1934-35	1935-36	1936-37	April 1, 1937, to Feb. 28, 1938
Head Office	$ 20,263 19	$ 31,458 21	$ 26,106 74	$ 24,108 42
P.E.I.	2,105 19	21,616 20	37,192 58	19,600 73
N.S.	4,738 02	9,393 58	4,958 76	4,810 46
N.B.	5,979 86	30,333 02	26,164 22	20,534 74
Quebec	54,905 32	134,313 43	89,430 27	69,169 20
Ontario	55,553 56	132,484 79	110,404 86	80,500 04
Manitoba	20,902 06	78,083 46	67,669 34	48,738 49
Saskatchewan	52,209 03	134,231 98	97,307 27	79,825 25
Alberta	40,263 79	110,194 39	80,289 08	73,517 53
B.C.	12,221 67	31,015 40	15,792 48	9,581 41
Total	$269,141 69	$713,124 46	$555,315 60	$430,386 27

2. $12,653.21.

OLD AGE PENSIONS—SASKATCHEWAN

Mr. DOUGLAS (Weyburn):

1. What is the total number of people receiving old age pension in the province of Saskatchewan?
2. What is the total amount paid annually?
3. How many are getting: (a) $20 per month; (b) $15 per month; (c) less?

Mr. DUNNING:

1. As at December 31, 1937—11,701.

2. On account of adjustments between provinces, it is not possible to ascertain accurately, from the records of the dominion government, the total amount paid during any particular period to residents of the province of Saskatchewan.

The dominion's contribution to the province of Saskatchewan during the calendar year 1937 amounted to $1,745,941.78, which constituted approximately 75 per cent of the total amount paid out in old age pensions by the province of Saskatchewan.

3. As at December 31, 1937: (a) 4,496; (b) 5,123; (c) 1,562.

SASKATCHEWAN RELIEF—DOCTOR STAPLEFORD

Mr. PERLEY:

1. How much has Dr. Stapleford, who was employed in the distribution of relief in the province of Saskatchewan, and the inquiry into relief in the said province, received by way of expenses since the 1st of October to date?
2. Did he employ a staff, and, if so, what are the names of such employees, and what has been paid to each by way of salary and expenses?

Mr. GARDINER:

1. $274.43.
2. Yes.

	As at March 31, 1938 Salary	Expenses
Mackie, A. R...	$1,209 68	$4 50
Graham, D. W...	304 19	.....
Grant, Miss N. K... ..	561 29	.....
Rowson, Miss E...	152 90	.....
Tarcey, Miss H... ..	141 29	.....
Mason, Herbert..	30 00	.....
Wood, Miss B. B... ..	196 45	.....

SHERBROOKE, QUE., HOSPITAL LOTTERY

Mr. DESLAURIERS:

1. When the Sherbrooke hospital lottery was being organized, who was the official responsible for enforcing the law against lotteries?
2. What change has the Postmaster General authorized the postal authorities at Montreal to make regarding lotteries?
3. Were representations made to the Postmaster General to the effect that the Army and Navy Veterans sweepstake and the Irish sweepstake were using the mails at the same time as the Sherbrooke hospital lottery, without interference?

[Mr. Dunning.]

4. Were all the correspondence and documents of the Sherbrooke lottery sent to the Post Office Department at Ottawa?
5. If so, in what manner were they forwarded?

Mr. EULER:

1. Instructions were issued by the director, administrative services, Post Office Department, withdrawing mailing facilities from the Sherbrooke Hotel-Dieu Benefactors' Association, 158 South Bowen Avenue, Sherbrooke, P.Q., based on rulings from the departmental solicitor and the Department of Justice that the scheme of membership indicated in lottery tickets and literature issued by this association was illegal.

2. Nil—Postal regulations apply uniformly throughout Canada.

3. Representations were received respecting the army and navy veterans sweepstake and mailing privileges were withdrawn from this association.

There has been a standing order in effect for several years against the Irish Free State hospitals sweepstake denying this organization the use of the mails.

4 and 5. All mail matter for the Sherbrooke Hotel-Dieu Benefactors' Association, 158 South Bowen Avenue, Sherbrooke, P.Q., is intercepted and forwarded under cover by mail to the Post Office Department, Ottawa.

WILFRID GAGNON

Mr. DESLAURIERS:

1. In what year was Mr. Wilfrid Gagnon appointed to the customs service in Montreal?
2. What was his classification?
3. By whom was he appointed?

Mr. ILSLEY:

1. 1925.
2. Labourer.
3. The then Minister of Customs and Excise.

JOSEPH MILORD

Mr. DESLAURIERS:

1. In what year was Mr. Joseph Milord appointed to the customs service in Montreal?
2. How was he classified?
3. By whom was he appointed?

Mr. ILSLEY:

1. 1924.
2. Labourer.
3. The then Minister of Customs and Excise.

CANADA-UNITED STATES TRADE AGREEMENT

Mr. CHURCH:

1. Will the government lay on the table the list of 47 pages of goods on which the United States propose to discuss further reciprocity

with Canada as published partly in the local press on January 8, and on which the people of that country were asked to write the Trade Department at Washington to give their views or objections on any of these items with a public hearing on March 14 afforded?

2. Will the government consider adopting the same method and procedure here in order to give the business men of Canada an opportunity of being heard in the same way by letter, and a public hearing later, before any proposed agreement is consummated, and not after it?

3. Will the government consider calling into consultation Canadian industrialists and agriculturists regarding the effect of same on the Ottawa agreements, before and not after any agreement or treaty is consummated or proposed?

Mr. MACKENZIE KING:

1. The hon. member apparently refers to a statement which the government of the United States communicated to the press of that country on January 28th. A copy of the statement is being tabled.

2. The procedure at present adopted by the United States government in connection with current trade agreements is based upon the fact that arrangements concluded under the Trade Agreements Act are not submitted to Congress for approval. As the situation in this respect is different in Canada, it is not considered necessary to adopt the United States procedure.

3. The present practice under which Canadian industrialists, agriculturists and others interested, may communicate with the Minister of Finance, the Minister of Trade and Commerce, or other ministers concerned, on all matters respecting commercial treaty negotiations, is believed to be adequate.

TRANS-CANADA AIRLINES—RADIO RANGE STATIONS

Mr. PERLEY:

1. How many radio range stations will be built in Canada for the airways service?

2. How many, if any, have been built to date?

3. What is the estimated total cost to complete such stations?

4. What is the cost of the average single station?

5. Is the four tower system of antennae to be used?

6. Are the United States airlines replacing the present four tower equipment with five tower type? If so, for what reasons?

7. Would the introduction of the five tower mean scrapping of the four tower equipment?

8. Who are the personnel of the Department of Transport's airways radio division?

9. What percentage of them are from the United States?

10. What company or companies have contracts for supplying equipment for the radio range stations?

Mr. HOWE:

1. Thirty stations.

2. Eleven stations have been completed; 12 stations are under construction and will be completed before July 1; 7 stations will be constructed during the fiscal year 1938-39.

3. Total cost of 30 stations—$1,500,000.

4. $50,000.

5. Primarily, yes, but all installations are made with provision for the installation of the fifth tower when conditions warrant it. Installation of the fifth tower will be made at Vancouver, Lethbridge, Edmonton, Regina, Winnipeg, Toronto and Montreal this year.

6. The Bureau of Air Commerce is installing a number of new stations of the five tower type and installing additional equipment at four tower stations to convert them to the five tower type; the reason being that the four tower type will not permit weather information and courses being given simultaneously, while the five tower system does. Where airways are congested it is to be preferred, but is not essential when traffic is comparatively light.

7. No. This point was given due consideration when the Department of Transport commenced its construction program in 1937.

8. See appended list.

9. Nil.

10. The Canadian Marconi Company of Montreal have a contract to supply radio range transmitters and the Standard Steel Construction Company of Welland, to supply radio range towers.

Ottawa headquarters: H. E. Walsh, senior radio electrical engineer; W. A. Acton, radio electrical engineer; J. B. Knox, assistant radio electrical engineer; J. Albulet, junior radio electrical engineer; J. Belcher, radio operator; M. G. McCadden, clerk, grade III; A. W. Eaton, stenographer, grade I; I. K. Sheppard, stenographer, grade I.

Winnipeg-West—

Construction and maintenance engineering staff: A. K. Baylay, assistant radio electrical engineer; W. E. Fenn, assistant radio electrical engineer; H. J. Williamson, junior radio electrical engineer; C. W. Thomas, radio electrician.

Operating staff—Radio operators: N. Hadley, C. G. C. Connelly, J. E. Duke, C. H. Harding, P. M. Eldridge, J. R. Allen, J. R. Howard, J. Syder, A. P. Stark, R. S. Fulton, J. S. Parkin, F. C. Aitkens, C. A. G. Ennever, L. H. Pockett, N. E. Nelson, B. L. Marshall, C. S. Hewitt, D. A. McDougall, F. Burwell, R. R. Travers, T. E. Bate, S. A. Shatford, J. L. Johnston, H. V. Allan, J. W. Philpot, J. E. Walker, R. W. Weaver, H. Needham,

W. B. Beart, W. Hartree, J. Mennie, A. T. Scott, H. C. Rayner, W. L. Harris, R. E. V. Potruff, C. J. Grey, W. F. Hilchie, W. North, J. A. Coutanche, W. A. Blacklock, L. J. Debenham, A. J. Newington, B. Burrill, J. R. Nutter, T. Foley, C. E. Marcelle, T. Davidson, W. J. Twamley, L. H. Fendon, W. G. Wastill.

Winnipeg-East—

Operating staff—Electrician, J. O. G. Cann; radio operators: L. F. Brown, H. B. Tompkins, H. J. Moore, F. C. Cornish, H. E. Bickmore, C. S. Baldwin, J. J. Tizzard, F. S. Woodrow, T. B. Linklater, W. L. Nelson, W. J. Thomas, S. L. Young, W. S. Woodley, T. G. Barrowman, A. W. Loke, H. M. Murphy, J. R. DesCoteaux, G. H. Pickard, A. Cote, W. H. Ingarfield, R. F. Austin.

CATTLE SHIPPED TO UNITED STATES

Mr. SENN:

1. How many cattle were shipped weekly to the United States from Canada during: (a) the month of March, 1937; (b) the month of March, 1938?

2. What were the classifications of such cattle, differentiating between dairy cattle and other cattle?

Mr. ILSLEY: This information is not available from statistical compilation.

FARMERS' CREDITORS ARRANGEMENT ACT—CASES PENDING

Mr. FERLAND:

1. How many cases are pending consideration by the board of review under the Farmers' Creditors Arrangement Act in each of the provinces of the dominion?

2. During the last year what was the average monthly number of new cases submitted to official receivers under the said act in the province of Quebec?

Mr. DUNNING:

1. Prince Edward Island, 22; Nova Scotia, 23; New Brunswick, 108; Quebec, 595; Ontario, 1,162; Manitoba, 204; Saskatchewan, 1,158; Alberta, 1,007; British Columbia, 8. Total 4,287.

2. 55.

*EXCHANGE FUND CREDIT

Mr. CAHAN:

1. What amounts stood to the credit of the exchange fund on December 31 in each of the years 1935, 1936, and 1937?

2. On each of the said dates, what portion of the said exchange fund was invested in securities of the Dominion of Canada?

3. On each of the said dates, what portion of the said exchange fund was invested in securities guaranteed by the Dominion of Canada?

Mr. DUNNING: I am advised by the Department of Justice that in accordance with the provisions of the present statute this is a question I am not at liberty to answer.

Mr. SPEAKER: Dropped.

Mr. DUNNING: Answered.

QUESTIONS PASSED AS ORDERS FOR RETURNS

GOVERNMENT EMPLOYEES AT ST. HUBERT AIRPORT, MONTREAL

Mr. MALLETTE:

What are the names, positions, present salaries, and dates of appointment of all dominion government employees at St. Hubert airport, Montreal?

MONTREAL HARBOUR BOARD—EMPLOYEES

Mr. DESLAURIERS:

1. How many persons secured employment with the harbour board of Montreal during the years 1928, 1929, 1930?

2. How many secured employment with the Montreal harbour during the years 1935, 1936, 1937?

EXPORT OF WAR MATERIAL TO SPAIN

Mr. MacINNIS:

1. Did the Prime Minister or any member of the cabinet from the date of the commencement of the civil war in Spain, about July 18, 1936, to July 30, 1937, receive any letters, telegrams, communications or requests asking for the imposition of an embargo on the export of war material to Spain?

2. If so, from whom were such letters, telegrams, communications or requests, received?

LEAGUE OF NATIONS—CANADIAN DELEGATES

Mr. BARBER:

1. Has the $14,000 passed as item 207 (page 50, estimates 1937-38), been expended?

2. If so, to whom was payment made from the vote, and what amount to each?

THE CORONATION—EXPENSES OF CANADA'S REPRESENTATION AND CONTINGENT

Mr. BARBER:

1. Has the $35,000 passed as item 218 (page 51, estimates 1937-38), been expended?

2. If so, to whom was payment made from the vote, and what amount to each?

Mr. BARBER:

1. Has the $197,000 passed as item 249 (page 52, estimates 1937-38), been expended?

2. If so, to whom was payment made from the vote, and what amount to each?

CANADA-STRAITS SETTLEMENT TRADE

Mr. LOCKHART:

1. What was the total amount of imports to Canada from Straits Settlements during each of the years 1936 and 1937?

2. What was the total amount of exports from Canada to Straits Settlements during each of the above years?

3. What was the value of Singapore pineapple imported into Canada from Straits Settlements during each of the years 1936 and 1937?
4. What rate of duty, dumping duty or otherwise, or tax, was imposed on importations of Singapore pineapple from Straits Settlements during each of the above years?
5. Was it established that such pineapple imported into Canada during the year 1937 was sold at less than the market value?
6. Was any inquiry made in this regard?
7. Under the provisions of the Marketing Act is it compulsory for the firm or corporate name and address of the packer to appear on the labels of all canned goods imported and marketed in Canada?
8. If so, was this regulation enforced in connection with the importations of Singapore pineapple?
9. Do the labels on all canned pineapple imported into Canada specify the net contents of the tin?
10. Is Singapore pineapple packed principally by Chinese employees?
11. Has the Canadian government ever made any inspection of the conditions under which such pineapple is packed?

MOTIONS FOR PAPERS

SHERBROOKE, QUE., HOSPITALS LOTTERY

Mr. BOULANGER (for Mr. Deslauriers):

For a copy of all papers, letters, telegrams, reports and other documents exchanged between the government or any officer thereof, and any other persons with respect to a lottery which was organized in favour of the Sherbrooke hospitals, in 1933, 1934, and 1935.

NATIONAL DEBT

Mr. FAIR:

For a return showing—
1. Total amount of the national debt each year since 1912;
2. Total amount of interest accrued and paid on the national debt each year since 1912;
3. Percentage of revenue collected each of the above years required to pay interest on national debt;
4. Cost of flotation of loans each of the above years.

ALBERT ROCHON

Sir EUGENE FISET (for Mr. Deslauriers):

For a copy of all papers, letters, telegrams and other documents, dated during the year 1937, exchanged between the dominion government or any officer thereof and any other persons with respect to Mr. Albert Rochon, former customs employee in Montreal.

EXPORT OF WAR MATERIAL TO SPAIN

Mr. MacINNIS:

For a copy of all letters, telegrams, resolutions, communications and requests received by the government of Canada or any members thereof, from July 18, 1936, to July 30, 1937, concerning an embargo on the export of war material to Spain.

SUSSEX, N.B., CUSTOMS OFFICE

Mr. BROOKS:

For a copy of all correspondence, letters, telegrams and other documents relating to the customs office at Sussex, New Brunswick, either to or from any department or departments of the government or ministers or heads thereof since January 1, 1937, to date.

LEFROY, ONT., POSTMASTERSHIP

Mr. TOMLINSON:

For a copy of all correspondence, telegrams, reports and other documents exchanged since July 28, 1930, to date, between the Post Office Department or any officer thereof and any other person or persons with respect to the appointment of Byron B. Grose, as postmaster at Lefroy, Ontario.

GLAMIS, ONT., POSTMASTERSHIP

Mr. TOMLINSON:

For a copy of all correspondence, telegrams, reports and other documents, dated from July 28, 1930, to date, exchanged between the Post Office Department or any officer thereof and any other person or persons with respect to the dismissal of Mr. Greir, postmaster at Glamis, Ontario, and the appointment of his successor Mr. McKeeman.

RADIO BROADCASTING

MESSAGE OF EAMON DE VALERA TO NORTH AMERICAN CONTINENT ON MARCH 17 LAST

On the orders of the day:

Mr. H. R. FLEMING (Humboldt): Would the Minister of Transport (Mr. Howe) explain why President Eamon de Valera's message to the North American continent was not carried over the hook-up of the Canadian Broadcasting Corporation on March 17 last?

Hon. C. D. HOWE (Minister of Transport): The hon. member was good enough to give me notice of the question. I took the matter up with the general manager of the Canadian Broadcasting Corporation, and was advised by him that the speech of Mr. de Valera was an exclusive feature of the Columbia Broadcasting Corporation and was not available to the Canadian Broadcasting Corporation. The hon. member will recall that on Wednesday, December 29, the Canadian Broadcasting Corporation broadcast over their network President de Valera's inaugural address on the institution of the new constitution of Ireland.

INTERIM SUPPLY BILLS

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee of supply.

Right Hon. W. L. MACKENZIE KING (Prime Minister): It is not the intention of the government to take up supply to-day, but the Minister of Finance (Mr. Dunning) has an interim supply bill, to make provision for two months of the present fiscal year, and also a bill relating to extra supplementary estimates for the last fiscal year. I would ask that the house give its consent to going into supply, for the purpose of getting these bills through, before proceeding with the next order of business.

Motion agreed to and the house went into committee of supply, Mr. Sanderson in the chair.

Mr. DUNNING moved:

Resolved, that a sum not exceeding $36,717,668.24, being the amount of each of the several items as set forth in the further supplementary estimates for the fiscal year ending March 31, 1938, laid before the House of Commons at the present session of parliament, be granted to His Majesty for the fiscal year ending March 31, 1938.

Motion agreed to.

Mr. DUNNING moved:

Resolved, that a sum not exceeding $39,057,624.49, being one-sixth of the amount of each of the several items to be voted as set forth in the main estimates for the fiscal year ending March 31, 1939, laid before the House of Commons at the present session of parliament, be granted to His Majesty, on account, for the fiscal year ending March 31, 1939.

Mr. DUNNING: It is understood that the passing of this interim supply in no sense impairs the privilege of discussion of any of the items covered by it.

Mr. BENNETT: That is the only observation I wish to make about it.

Motion agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Sanderson in the chair.

[Mr. Howe.]

Mr. DUNNING moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending 31st March, 1938, the sum of $36,717,668.24 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Mr. DUNNING moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending 31st March, 1939, the sum of $39,057,624.49 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolutions reported, read the second time and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 88, for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1938.

Motion agreed to, bill read the first and second time and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—$36,717,668.24 granted for 1937-38.

Mr. BENNETT: There is a provision in this bill of an extraordinary character. The estimates purport to grant to one of the provinces a sum of money for ordinary operating expenses. I cannot recall that in the history of confederation any province has found it necessary to secure money for that purpose.

Mr. DUNNING: There was a similar vote last session.

Mr. BENNETT: Not for operating expenses.

Mr. DUNNING: The same vote exactly.

Mr. BENNETT: Then I am misinformed. The Minister of Finance says that we did make a provision of this kind last year.

Mr. DUNNING: A million and a half.

Mr. BENNETT: I have a very strong opinion that in the bill, this grant should be subject to conditions; that it should be made perfectly clear that the utilization of this money for political purposes will be a criminal offence, that any person who makes canvasses for election purposes and endeavours to secure support by utilizing this as a weapon of offence should be subject to punishment under the criminal code. Matters have reached a stage where I think action is called for now and not some time hence. Men have been

going into public meetings and marking names down in a book. They have been saying to people, "From whom are you getting your sustenance"? and "Who is providing your relief"? No threats are made, but the impression is left on the minds of these poor unfortunates that they must necessarily support Liberal candidates in the provincial election. I think that that sort of thing is just as bad as anything can be in this country, and it should be ended if at all possible.

When we grant a sum of money to enable a government to carry on, one of the conditions should be that any endeavour to utilize that grant for political purposes shall constitute a criminal offence and be punishable accordingly. I think the government should make it perfectly clear, beyond peradventure or doubt, that the time has come when this sort of thing should disappear. It is one of the matters that is causing great difficulty at the moment in this confederation. Anyone who has observed conditions in Canada to-day must be more or less concerned about the feeling in the two larger and richer provinces, as manifested by the utterances of public men, in connection with these provinces supplying money for this purpose. It is incumbent upon us to create a situation that will not enable that sort of propaganda to be continued. Nothing could be more fatal to this confederation than for large sums of public money to be taken from the richer provinces to meet the extreme conditions that prevail in several of our provinces without its being made apparent that that money must be used in the strictest sense of accountability.

There is another point. I think a condition should be inserted that with respect to this $2,000,000, it shall be utilized for the purpose of paying the salaries of teachers that are in arrears in the province. I can conceive of nothing worse than the condition indicated in various letters that I have received. I fancy every hon. member has received similar letters; I am thinking of a circular communication which indicates the dire necessity due to the arrears of salaries accruing to teachers in Saskatchewan and Alberta. Only the other day I had a communication from Alberta pointing out that the condition in Saskatchewan to which attention had been directed was not limited to that province, that in Alberta the teachers were in much the same situation, and that if action was taken in the one case it should be taken in the other. Apparently no request has been made by Alberta for a grant for operating purposes, but there is one from Saskatchewan. I suggest that it would be proper to provide that the moneys thus granted should be available for liquidating the arrears of salaries due to the teachers in the province.

The Minister of Justice is not in his place, but he must have had his attention directed to the fact that in Saskatchewan a direct tax has been imposed on trains and elsewhere for educational purposes. This is a percentage tax on the amount of the account. If my information is accurate, and it seems to be borne out by the records, the legislature of Saskatchewan has endeavoured to make this tax reach into other provinces. It is being applied to transactions that indicate the importation of goods into Saskatchewan from the neighbouring provinces of Manitoba and Alberta or elsewhere. According to the British North America Act there must be a free movement of commodities between provinces, and to impose a tax on such movement is entirely wrong. This tax has been imposed since we last granted $1,500,000 of money. Until the minister said the language was the same, I was not aware that it was, but this $2,000,000 should be considered in the light of the additional sum in excess of what was granted last year, and in the light of the tax properly imposed with respect to matters within the province and improperly imposed with respect to transactions originating outside the province.

In any event some assurance should be given, since we are providing the money, that it will be utilized for the purpose of providing for the arrears of salaries due to teachers in the province of Saskatchewan. I am not going to dwell on the hardships they have experienced or on the difficulties they have had to encounter, because every member of the house I think has received a communication in which the distressing facts have been very succinctly put forward. I think it would do much to satisfy the older provinces, which have sometimes made complaint, if it could be stated that a part of this money will be used, as urged by the organized teachers in various parts of the dominion, for the payment of the salaries of school teachers in Saskatchewan.

Mr. GARDINER: Mr. Chairman, I need scarcely say that as the minister from Saskatchewan I am surprised at the issue which the leader of the opposition (Mr. Bennett) has just made of the fact that the province of Saskatchewan is under the necessity of asking for assistance from the federal government. The leader of the opposition has taken the rather high ground which he has been accustomed to take on a number of occasions during this session, of attributing to everyone else political incentives in connection with everything that any government in Canada

which does not happen to be of the party to which he belongs undertakes to do. I can scarcely conceive of any more objectionable political issue being raised on anything that might take place in this house than that contained in the speech which has just been delivered to this committee.

The leader of the opposition has taken the opportunity which this vote of $2,000,000 presents, a vote arising out of the necessities of the people of Saskatchewan, to make a purely political speech, to put it on Hansard for the use of people in any election campaign which may take place in western Canada within the next twelve or eighteen months. The right hon. gentleman could not have made more obvious what his intentions were than he did in the early part of his remarks. He has run through practically the whole gamut of the activities of the provincial government, from those having to do with schools to those having to do with entirely different matters, in order to make it appear that some use might be made of these funds which would not be to the benefit of all the people of Canada.

In the first place no such use as he indicates can be made of these moneys because of the fact that this was an undertaking given to the province of Saskatchewan some months ago, and given on the understanding that this vote would be presented to the house during the present session. The expenditures for which this money is to make provision are expenditures which have been undertaken and carried out since the time that undertaking was given by this government and cannot in any sense be made a part of any appeal that may be made in Saskatchewan or elsewhere in connection with any election campaign that may be held in the future.

There has been a propaganda carried on recently throughout the whole dominion of Canada, coming from a source which those of us who live in Saskatchewan know something about, having to do with the school situation in that province. The leader of the opposition has just made use of that propaganda in placing his views before the house. The province of Saskatchewan, ever since its inception in 1905, has been quite capable of looking after its own school affairs, and when the leader of the opposition undertakes to bring the school affairs of Saskatchewan on to the floor of the federal house for discussion, he is assuming a responsibility that was never intended to be assumed either by the opposition or by the government of the Dominion of Canada. School matters are dealt with by provincial governments, and I might point out that whereas the previous government in Saskatchewan, because of the financial difficulties through which they were passing, found it necessary to reduce the school grant from $1.50 to $1 per day per room, the present government has increased the grant from $1 back to $1.50 per day, or an increase of fifty per cent, and is paying this increased grant.

In addition to that, the present government of the province has been making loans to the school districts of $30 a month to assist in the payment of school teachers' salaries; and the province itself, after the report which was received from the Bank of Canada, has levied upon the people of the province a sales tax of two per cent, which is a tax not only on meals on trains but on practically all sales made in Saskatchewan, an exception being made of some of the food products and other important necessities that are sold in the province from time to time. I have not heard that the government has made any attempt to put the tax on transactions outside the province. As a matter of fact, I think it has been very careful not to render its act ultra vires by attempting to do any such thing.

The government of the province has assumed the responsibility of taking care of the schools; and if any moneys advanced to Saskatchewan by this house were to be earmarked for school purposes it would result, I think, in this house assuming responsibility in connection with the administration of matters having to do with education which I am quite sure the federal parliament does not intend to assume. One could scarcely conceive of any suggestion being made to this house at any time that would stir up greater difficulties between the federal government and the governments of the provinces than that which was just made by the leader of the opposition to the effect that in making a grant of money to Saskatchewan for ordinary government purposes we should stipulate that a certain part of that money should be used for school purposes.

Mr. BENNETT: That is not what I said, Mr. Chairman. I said to pay teachers' salaries.

Mr. GARDINER: Well, paying teachers' salaries is a very important part of school purposes in any province. When the right hon. gentleman quibbled over "school purposes" to say he had in mind paying teachers' salaries, he was not only playing to the gallery, and to the political gallery at that, so far as Saskatchewan is concerned, but he was assuming something that the people of Saskatchewan will not assume.

Then some play was made of the fact that this vote was for ordinary government expenditures, and the question was raised whether this had ever been done before. The right hon. gentleman needs only to go back to the last period of government in this dominion and to look over his own records to find that in Saskatchewan his government provided very considerable sums in one of the years during that period, for the very same purpose,—

Mr. BENNETT: For special purposes.

Mr. GARDINER:—and no such conditions were placed upon that provision of funds as he is suggesting should be placed upon the grant of this particular amount. I suggest it has been fairly well proven to this house and to the Canadian people that Saskatchewan has been going through a very difficult period; that they do need some assistance from other parts of Canada; and I want to state on behalf of the people of Saskatchewan that we appreciate the manner in which other parts of the dominion have come to the assistance of that province. I know that Liberals and Conservatives, including the governments of the two old provinces of Canada and the people of Canada in general, have been satisfied that in respect of any funds which have been provided for the province the provincial government has shown the desire not only to play fair with all the people of Canada, but so to administer the funds provided as to give service to all the people of that province irrespective of what their political leanings may be. I would think that the committee should pass—

Mr. LENNARD: What about fruit and vegetables?

Mr. GARDINER: What is the question?

Mr. LENNARD: What about the distribution of vegetables during the past few months?

An hon. MEMBER: What about it?

Mr. GARDINER: What has my hon. friend got to say about the distribution of vegetables during the past few months? I venture to say that if he were to go out into the province of Saskatchewan and ask every single individual—and I could give him a list of the names of practically all of the recipients, if he desires to have it—whether that distribution of vegetables had been properly made, he would find that at least 999 out of every 1,000 would say it had been properly made. I suggest further to him that when certain interests in Toronto wrote letters to the wholesalers of Saskatchewan and asked them to send in letters that might be published indicating that there were criticisms with regard to the distribution of food in Saskatchewan and Alberta last fall, they did not publish any criticisms that they got, and certainly they did not publish the replies of the wholesalers to whom they had written. Criticisms were invited, but criticisms could not be found. If anyone were to go through Saskatchewan and Alberta to-day and follow that distribution of vegetables, cheese, beans, fish and apples, they would find, over the whole trail followed by those commodities, satisfaction on the part of the people who obtained them.

I think the time has come when these votes should be considered on their merits. The leader of the opposition has stood up all too often this session and waved before this house the flag of political corruption. I have been tempted on one or two occasions to remind him that if we were to bring into this chamber all the street corner stories that are circulated at election time and all the newspaper rumours that float around on such occasions we should probably not have to go further back than to about two weeks before the election of 1930 in order to remind him of some of the stories that appeared in the press of that time, calling attention to meetings cancelled and trips made to Montreal, calling attention to what was going to happen immediately after the election was over if his party were elected to office. I would only need to follow that up a few weeks later to find that everything which was then rumoured in the press was actually done on the floor of this chamber; and I might suggest to him that probably he is on rather dangerous ground when, on every occasion that a vote is brought before this house, he raises the political bogey and suggests that someone is going to make some political use of the moneys that happen to be voted.

Let me repeat that this two million dollars is money which is necessary to pay for things that have been done in Saskatchewan; it is necessary because of undertakings given some considerable time ago. It can in no sense be considered a vote of money to be used either this summer or a year from now, whenever any election may be held in Saskatchewan, for the purpose of influencing votes there, and I would ask the leader of the opposition to accept this statement and so consider it.

Mr. BENNETT: I assure this committee that I have no knowledge of any propaganda connected with a circular sent out by teachers

with respect to payment of salaries. The first knowledge I had that there was anything of a sinister character attached to it came from the speech just made by the Minister of Agriculture. I received a letter pointing out that teachers were unpaid and that the Saskatchewan situation merited careful thought and consideration. Another letter came from teachers' organizations in other provinces asking that consideration be given to that thought. I wrote and stated that at the appropriate time I would mention this matter in the House of Commons. That is all I know of anything connected directly or indirectly with propaganda so far as schools in Saskatchewan are concerned. So far as I know the people behind the movement are earnestly concerned about the non-payment of teachers in that province; and when I saw this provision in the estimates, namely to enable that province to continue essential services pending improvements in crop, I regarded the payment of teachers as an essential service and I therefore brought it to the attention of this committee. I withdraw no word I have said with respect to it. I think it is a matter that merits not only careful consideration but the giving of some assurance that the money will be utilized in part for that purpose.

On Friday last the teachers' organization of Alberta sent me a communication pointing out that this provision had been confined to Saskatchewan; that they too required consideration, and that any effort which might be made by parliament to provide salaries for teachers should not be limited to Saskatchewan. Now the picture as presented by the Minister of Agriculture is entirely different. He says that this money is spent already, that we are voting two million dollars to cover an expenditure that has already been made by Saskatchewan, and that it was made in consequence of a promise which was given some time ago. Just how they got the money is a question which will have to be considered at a later stage, with respect to another matter. So far as that phase is concerned I can only say it is quite obvious that the money cannot be used to pay teachers if it has already been spent.

Mr. GARDINER: The obligation for its expenditure is already assumed.

Mr. BENNETT: If the obligation has been assumed for the amount, it is quite obvious that a free disposition of it is no longer possible. A condition has arisen which makes it no longer possible to apply it for that purpose. I am much obliged for that information. It is true that it is for the year ending March 31, 1938, but the provision was to continue essential services, and I assumed from the language that it meant to continue them beyond the date when we gave our sanction to the appropriation. However that does not appear to be so.

So far as the other phase of it is concerned, namely the question of the provision made by the province for the payment of its own essential services, I have only this to say, that the imposition of the sales tax and its application were, I thought, a very proper thing to do; but when I learned that it was endeavoured to apply it on the importation of commodities from the neighbouring province of Manitoba I thought there must be some mistake. I am told definitely, however, with respect to certain commodities that come from Manitoba that the two per cent sales tax has been applied, at the risk of the act being ultra vires, as the minister says.

I am not going to follow the distribution of vegetables to-day; I had no intention of doing so, because there will be a time and place in which we will follow that distribution. But I do desire to make it perfectly clear that there have been complaints—I have large numbers of them—as to the method of distribution and the method of acquisition of the supplies that were distributed by the federal government. This is a matter that the minister has now brought into the issue and I will not discuss it.

Mr. DUNNING: It was introduced in reply to a question.

Mr. BENNETT: That is true; the minister was answering a question asked him. However, I do not intend to deal with that matter now. There is an occasion in the estimates to deal with it, because we as a dominion have expended public moneys to purchase supplies of apples, cheese, beans and other commodities and, as the minister indicated some time ago, the particulars will be forthcoming, as to the names of the people to whom these commodities were distributed, the manner of distribution, and so on. For the moment, however, I was dealing with the one question of essential services and of the necessity of these essential services, if they are carried on with this money, being made subject to a condition, which would have no value now inasmuch as the obligations have been incurred and the expenditures made in part. But the minister made some observations which either meant something or meant nothing. If he desires to discuss the reason why I went to Montreal I am prepared to give it to him now. I went there because of

his beloved Beauharnois, to make it quite clear that none of that fund went to the Conservative party in that election. That is easily verified, and if he suggests that there were any other discussions I can tell him, with a little effort in looking up some papers, where I was during the time I was there. I could give him considerable information if he desired to have it in connection with other matters that would be vastly interesting to this house and possibly to himself.

The purpose for which I rose has been entirely vindicated by the minister's intimation that so far as this item is concerned it has either been already spent or commitments have been made under it. But this is supply for the year ended March 31, and presumably there will be further appropriations for the year ending March 31, 1939, and then I will follow the observations which I have made by offering an amendment to meet a situation which I think should be met. I will not do so now. I wanted to have an explanation, which the minister has given, as to whether or not this money was for the year ended March 31, or whether it was to be used to continue essential services beyond that time. The minister has given an assurance, which ends that phase of the matter, that the money was for the year ended March 31, 1938, and that commitments have been made or expenditures already completed that make it no longer possible to impose any conditions. That serves entirely the purpose I had in mind.

May I assure the minister and the committee that if I seem to be anxious about some of these matters I am not thinking in terms of any political effect in other places. That was not my intention at all. But no thoughtful man who looks out upon the country to-day and realizes the disharmony and disunion that exist between the provinces can help being concerned. I am sure that the Prime Minister is. I am sure that every man in this house is concerned about confederation, and every effort that we can make, however trifling it may be, that will do something to render it less possible for the critic to make the observations that have been made will be all to the good. And these observations have been made not on the street corners, but in reputable magazines and papers; they are not gossip in the current press but calmly and carefully considered statements, well balanced statements with respect to these matters. In this light I did venture, as I believed it to be my duty, to direct attention to the possibility of removing one at least of the many causes of friction between component parts of this confederation. There never was a time when there was more need of our endeavouring to do so. If in consequence of the observations I have made the minister is annoyed, that is my misfortune and not my fault. But it is to be hoped at least that the concern for the unit, the confederation, the nation, will outweigh the considerations that each of us may have for the moment for the component provinces comprising confederation.

Mr. YOUNG: Those of us who come from Saskatchewan and are familiar with the very severe plight in which the teachers find themselves can all say how greatly we sympathize with that section of the population. I take it from what the leader of the opposition has just said that he approves of giving a grant to help to pay the salaries of teachers, which he describes as an essential service.

Mr. BENNETT: No; I do not want the hon. gentleman to misunderstand me. If the provinces are given a grant of money it is a very appropriate thing for us, who find the money, to say that a portion of it, without indicating what portion, should be utilized in liquidating unpaid teachers' salaries.

Mr. YOUNG: Well, that is exactly what I was saying.

Mr. BENNETT: It didn't sound like it.

Mr. YOUNG: There are other essential services in Saskatchewan, services that I know something about, such as taking care of the sick, for instance, and looking after women and children. Our doctors have had a very hard struggle. I do not know of any group of men who have been more unselfish and untiring in their efforts than the medical profession in my province. I know medical men there who have been going almost without their meals, running their cars to go and see people. I know of medical men who have mortgaged all they had to serve the people of the province. But I know something else, too. I know that during the years 1930-35 the medical profession not only in Saskatchewan but throughout western Canada were so concerned at the inadequacy of medical services being given in that part of Canada that there was a strong agitation among the doctors of those provinces to get together and find out what could be done. They did this. They visited the premiers of the four western provinces and put the situation up to them, and they received from those four western premiers, on behalf of their respective governments, letters suggesting that the federal government should come to the assistance of the provinces in order to help to carry on essential medical services. They came to

Ottawa when the leader of the opposition was Prime Minister, and what was the result? They almost received the cold shoulder. At any rate, they did not receive one dollar to help along those essential medical services. And now that the right hon. gentleman is in opposition he says that we should come to the assistance of the teachers and pay their salaries. If it is a good principle now to come to the assistance of the teachers—and I am not saying that it is not—surely the right hon. gentleman is not the one to press it after turning down very definitely and positively the request made by the medical profession of western Canada to carry on essential services at the time to which I have referred..

Mr. McIVOR: I venture at this time to say a word on behalf of those men in Saskatchewan, the clergymen, who assisted in the distribution of vegetables and all the other good things that came from the east. I would not stand by and allow anyone to say there was a crooked thing done by any of these men or those associated with them in the distribution of the goods that were sent out. These men carried out that distribution efficiently, and often there was nothing left for them.

Mr. BENNETT: I wish to correct just one observation made by the hon. member for Saskatoon. It is not correct to say that any effort was made by the west. The representative of the doctors, Doctor Routley, attended here and asked that certain provision be made in relief measures for medical services. We said that was a matter that should be dealt with by the provinces, with respect to the moneys they received by grants in aid to enable them to carry on relief; that it was not our function so to do. We said the provinces could do as they pleased with respect to these matters, and that was the cold shoulder they received. Let there be no misunderstanding with respect to that.

With respect to teachers the same thing applied, only now this money is for the maintenance of essential services, in the terms of this grant or appropriation, and we have a perfect right to impose a condition that the money be utilized to liquidate any balance that may have accumulated. But the money having been spent there is not much use in locking the door after the horse has walked out or been taken out. Perhaps it has been taken for a ride; that may be the net result. That was the position with respect to medical services, about which I know a very great deal; and the hon. gentleman himself was not present.

[Mr. Young.]

Mr. YOUNG: The right hon. gentleman knows very well that nothing was included in the grants in aid for medical services, and I am not saying that it occurred only when he was Prime Minister. I just said that inasmuch as he was so solicitous for the payment of teachers I thought the record should be kept straight.

Mr. BENNETT: Even at the risk of correcting the record and putting it right I must say that I have never found the hon. member for Saskatoon to make a complete statement during the time I have been in the house. Part of the statement is always made and the rest is left in abeyance. One is imagination; the other is fact. On the question of supplanting imagination with fact the truth is that those were grants with respect to relief. This is a grant made to enable the province to carry on its business, and its business is to look after the teachers. The minister says the rate has now been increased from $1 to $1.50 a day, in regard to the assistance given the schools.

Mr. GARDINER: Per room.

Mr. BENNETT: Yes, $1.50 per day per room. Presumably that is for the purpose of maintaining the efficiency of the schools. I was talking only about the question of the teachers' salaries. With respect to grants in aid for relief, the province may make the distribution it thinks best, but this is not a grant for relief; this is a grant for essential services. It is not of the nature of the grants that were made by the late administration, unless the hon. gentleman refers to grants with respect to roads. That is the only point I have in mind.

Mr. GARDINER: There were three-quarters of a million dollars of teachers' salaries unpaid even at that time.

Mr. DUNNING: I did not anticipate this sort of discussion arising at this stage of the bill; I thought it had been fairly thoroughly discussed the other evening, when this item was before the committee of supply. I quite understand that the right hon. leader of the opposition was not present on that occasion, and has a perfect right to take advantage of this opportunity. I should point out, however, as I pointed out the other evening, that the wording of this vote is very similar to the wording of the vote by which this house at its last session, following the investigation by the Bank of Canada into the affairs of Saskatchewan, appropriated $1,500,000. As I pointed out the other night, the examination by the Bank of Canada was based upon the

conditions existing at that time, that is, a year ago. Along in the summer it became quite apparent that any estimate which had been made by the bank as to the prospective revenues receivable by the province of Saskatchewan during 1937 could not possibly be realized, because everyone could see that the worst drought in the history of the province was upon those people. Therefore the problem of carrying on the essential services of the province became much more acute.

Parliament provided a million and a half. This additional amount represents a careful further examination of what was imposed upon the people and the government of that province by the additional drought conditions of 1937. The Minister of Agriculture is quite correct in saying that, when the government of the province made representations to us last September as to the conditions, it was quite apparent that no authority existed for enlarging the amount which had been granted by parliament. The government had no such authority. The only thing the government could do, after examining all the facts and the provincial income—meaning by that the income of all the people, the figures of which I gave the other night, as between 1936 and 1937 in Saskatchewan, which represent the greatest reduction, I think, of the income of the whole people of a province that has ever occurred in the history of Canada—was to say, "We are willing to place before parliament at its next session a proposal to increase the amount of a million and a half which has already been provided, by a further sum of $2,000,000." Certain conditions were imposed, which I need not go into in detail now, conditions having to do with cutting of certain expenditures in which the dominion believed economies could be effected. In addition a very thorough examination was made of the purposes for which this money was required, which are the ordinary services of the province.

On the basis of the assurance given by myself on behalf of the government that such an item would be placed before parliament, undoubtedly the province in the interim has been able to carry on those essential services, and only because of that.

Mr. BENNETT: No doubt the Minister of Finance received a telegram from the general secretary of the Alberta Teachers' Association on March 8, a copy of which was sent to me, dealing with the request of Alberta to be assisted in the same way with respect to this educational matter.

Mr. DUNNING: There was no request from the government of the province.

Mr. BENNETT: No; I said from the general secretary of the Alberta Teachers' Association. At that time the minister's correspondent referred to the unanimous plea of the Canadian Teachers' Federation to the dominion government for assistance to be given in connection with the drought area of Saskatchewan; and the general secretary of the Alberta Teachers' Association points out that these conditions apply equally in that province in the case of some six thousand teachers.

Mr. DUNNING: In that connection I can only point out that the development of arrears of teachers' salaries in the provinces of Saskatchewan and Alberta has been a progressive matter.

Mr. BENNETT: It began before you came into office.

Mr. DUNNING: It began some considerable time before we came into office; in fact in 1934, I think, the arrears in Saskatchewan were in the neighbourhood of three-quarters of a million dollars. It has been a growing condition. No government of Canada has yet taken the ground that in assisting the provinces, either by way of relief or by way of assistance in financing their essential services, the government of Canada or the parliament of Canada should earmark the precise purpose for which the sum so granted should be expended.

Mr. BENNETT: Yes, that has been done frequently.

Mr. DUNNING: Perhaps my right hon. friend would tell me when during his regime he made such a conditional grant.

Mr. BENNETT: It was done with respect to particular roads and particular undertakings under the relief legislation.

Mr. DUNNING: But that does not include services of this character, covering the whole province; it was by virtue of a fifty-fifty agreement to spend money on a particular material objective, which is a vastly different thing. In that connection we have proceeded exactly along the same line. I do think we would be creating very serious trouble in the future if in dealing with a province we attempted to dictate what they should do, because you must remember that it involves what they should do not only with our money but with their own. You cannot separate them. You cannot say, with respect to an expenditure of $2,000,000 by this government for general provincial purposes, that it must all go for this purpose and none for that, because we know perfectly

well that to do so in practice would be to involve the withdrawal of certain provincial expenditures for that purpose and the application of the money to something else. If we start that it involves actual control by the dominion of the manner in which the province expends its own funds. I am afraid it could not be escaped. I appreciate entirely the desire of everyone to see that teachers are assisted, as the Minister of Agriculture (Mr. Gardiner) has indicated. They have been, in fact. I presume it is true that there are still arrears. But no one from the west will say that the condition of teachers has not been materially improved in Saskatchewan during the last year or two, partly as a result of assistance rendered by this parliament in the way of assistance of this kind.

I do suggest, not that the problem has been solved—heaven knows it is one of the most difficult problems with which we have to deal, with all its varied aspects which touch us so closely—but that everyone who has had the handling of it in recent years, and in this I give credit to my right hon. friend opposite as well as to ourselves, has endeavoured to approach the problem in a spirit of doing the very best it was possible to do for those afflicted, always having regard to the desirability of maintaining, as he puts it, "national unity", and at the same time dealing as effectively as we might with a problem which has been recognized by all as a national emergency.

Mr. DOUGLAS (Weyburn): I understood the Minister of Finance to say on Friday night that he would give an opportunity for a full-dress discussion of the subject of the distribution of relief in Saskatchewan. He intimated that in order to let this measure through the discussion could be had on some other item.

Mr. DUNNING: Quite. I did not give that assurance in connection with this measure, because as the hon. member knows it has nothing to do with distribution of relief. But I can assure him there will be no lack of opportunity to discuss anything connected with relief in Saskatchewan.

Mr. DOUGLAS (Weyburn): I have reference not only to the general subject of relief, but to the manner in which relief has been distributed in that province. On the ground of the assurance the minister has given—

Mr. DUNNING: I do not require to give that; the rules of the house will take care of it. I assure the hon. member there will be ample opportunity.

[Mr. Dunning.]

Mr. DOUGLAS (Weyburn): Reference has been made to the distribution of vegetables, and to a number of other matters connected with the distribution of relief in Saskatchewan. Statements have been made by the Minister of Agriculture and the Minister of Finance with which I, personally, do not agree. But I believe it would be better, and I understand the minister will agree, to leave the discussion of those matters to a later date; therefore I shall not continue the discussion at this time.

Section agreed to.

Sections 3 and 4 agreed to.

Bill reported, read the third time and passed.

Mr. DUNNING moved for leave to introduce Bill No. 89, for granting to His Majesty certain sums of money for the public service for the financial year ending March 31, 1939.

Motion agreed to, bill read the first and second times, considered in committee and reported.

Mr. DUNNING moved the third reading of the bill.

Mr. BENNETT: Before the bill is read the third time I wish to make it abundantly clear that in agreeing, as we have, to this interim supply being passed, we have in no sense surrendered our right of criticism with respect to the various items which appear in the supply bill for this year.

Mr. DUNNING: That is understood.

Mr. BENNETT: I believe the Minister of Finance has already anticipated that, by making some such observations.

Mr. DUNNING: Correct.

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

SEED GRAIN

GUARANTEE OF LOANS FOR PURCHASE OF SEED AND OTHER ASSISTANCE IN SEEDING OPERATIONS IN WESTERN PROVINCES—CONCURRENCE IN SENATE AMENDMENTS

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 78, to assist the provinces of Alberta and Saskatchewan in financing the cost of seed and seeding operations for the crop year 1938.

Mr. BENNETT: What are the amendments?

Mr. DUNNING: They are clarifying amendments which do not affect the bill in the slightest degree.

Motion agreed to; amendments read the second time and concurred in.

UNEMPLOYMENT RELIEF

MEASURE FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

The house resumed from Thursday March 31, consideration in committee of the following proposed resolution—Mr. Rogers—Mr. Sanderson in the chair:

That it is expedient to bring in a measure to provide assistance towards the alleviation of unemployment and agricultural distress, and for such payments out of moneys appropriated by parliament as may be necessary for all or any of the purposes of the proposed legislation.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Chairman, at the beginning of the session I promised I would take an early opportunity to present a detailed survey of the existing relief situation, and review the results obtained under the several measures adopted by the government for the relief of unemployment and agricultural distress. Since that undertaking was given there have been three debates on unemployment, but apart from the debate on the address in reply these discussions occurred on resolutions, and were therefore somewhat restricted in scope. This is the first opportunity I have had to speak generally and at some length on the problem which has become the primary responsibility of the Department of Labour in so far as its federal aspects are concerned. Hon. members will recall that I had intended to make this statement on the second reading of the bill which would be introduced following the approval of the resolution now before us. However, it was the wish of the committee that the resolution should remain in committee and this statement be made during the discussion thereon. That is the present position.

It so happens that it is just over two years since I addressed the house for the first time on the subject of unemployment. The occasion of that discussion was a motion for the second reading of the bill to establish the national employment commission. In July of last year the interim report of the national employment commission was submitted and its publication authorized by the government. During the past week the final report of that commission was tabled and distributed to members. I realize it is the wish of the committee that I should deal with the subject matter of these reports, and particularly the main recommendations contained in the final report. I propose to do that before I have finished.

As I mentioned a moment ago, two years have passed since I spoke first to hon. members on the question of unemployment. At that time we were all keenly aware of the gravity of the situation that confronted the country, and I sought to deal with the question without any appeal to party prejudice or any resort to recrimination. Let me say at once that I intend to follow the same policy this afternoon. This does not mean that as a government we seek any immunity from criticism where criticism is due. We must be equally ready to give reasons for what we have done and for what we have refrained from doing. We are prepared to do just that. It does mean that after two and a half years in the Department of Labour I have not changed my conviction that the question of economic insecurity, or perhaps I should say the solution of the problem of economic insecurity, transcends all sectional differences, and it certainly transcends the political fortunes of individuals.

Without question it is the most vital problem which confronts all governments at this time, regardless of the measures that may be adopted to deal with it. I should like to suggest to the committee that in its wider aspects it involves our whole theory of government and it raises issues, as I have had occasion to mention before, which lie at the very root of our system of federal public finance. I shall do no more than mention these considerations at this time, but I shall return to them later in order to emphasize the interrelation of measures which may be adopted to deal with unemployment and other aspects of national policy and constitutional reform.

Before dealing with the work of the national employment commission, I think it will contribute to the information of the committee and place this work in a proper perspective if I deal first with a number of important decisions which were made by this government in relation to unemployment and the relief situation before the national employment commission was established. When we came into office in October, 1935, perhaps the most urgent question that met us was the determination of the grants in aid from the dominion treasury to the provinces for the relief of unemployment and agricultural distress. We met that problem, following a dominion-provincial conference and following very strong representations made by a conference of Canadian mayors held in Montreal

at about the same time, by an increase of seventy-five per cent in the grants in aid payable to the provinces for the relief of unemployment conditions.

I want to speak of that at the present time because it is related to something that I shall have to say a little later. I think it will also be useful if I indicate to hon. members, particularly those who were not here during the last parliament, the train of events which led up to the system of grants in aid to the provinces, which, as I have said, was one of the first problems which confronted us as a government when we came into office. When direct relief was instituted in this country as a result of the abnormal conditions which had developed from 1930 onward, that system of relief was based upon the assumption that in constitutional practice the primary responsibility for dealing with unemployment and distress lay with the municipality, but when it became too great for the municipality it was time for the province to render assistance, and when it became too great for the province and assumed national dimensions, it was time for the dominion government to come to the assistance of the provinces.

That principle, if I might term it such, was expressed very clearly on a number of occasions by the leader of the opposition (Mr. Bennett) when he was Prime Minister, and also by the present Prime Minister when in opposition. I think I cannot do better at the moment than quote the words of the present leader of the opposition as of September 10, 1930, which was about the time when it was considered necessary to institute this system of direct relief through grants in aid from the dominion treasury.

Mr. BENNETT: It was not until the next year that direct relief came into being.

Mr. ROGERS: That is quite true. In the first year resort was had rather to a system of works by which this government assisted the provinces and the municipalities in the execution thereof. With that correction, I quote the words of my right hon. friend:

> But this dominion will not be engaging in that form of relief or business which primarily it is the duty of the provinces or municipalities to undertake; but to assist them in the discharge of that duty this grant is being asked for.

I come now to the next year, when on July 23, 1931, the present Prime Minister is reported on pages 4101 and 4102 of Hansard as follows:

> It is not wise from the point of view of principle for one government to raise taxes and pass them over to other governments to be expended. The government which raises the taxes ought to control their expenditure. I believe that was the principle laid down at the time of confederation. It was recognized that the provinces would need something in the way of subsidies to supplement their sources of income, but I contend that one of the bases of the confederation act was the idea that the federal and provincial governments would have certain definite fields of services assigned to them, that they should have complete control over those services, that they would raise the moneys necessary and see to their expenditure. If for any reason the division is not fair, then adjustments should be made by the paying of additional or altered subsidies.

Then I come finally to the close of the period during which the leader of the opposition was Prime Minister of this country, in 1935. The following quotation is from Hansard, 1935, page 166:

> Mr. Bennett: It has been common ground between the right hon. gentleman and myself that the primary obligation with respect to relief under our constitution rests with the small community, whether it be a municipality, a village, a town, or a city. The second liability rests with the province that brought those organizations into being, and if the question is of a national character the dominion must assist.

It was in conformity with those views of the relative obligations of the several governmental agencies set up under the federal constitution in respect of relief and distress that a policy of direct relief was built up in this country from 1931 onward. In the beginning that policy was based upon a three-way division of the financial obligation; the dominion government contributed 33⅓ per cent, the province contributed 33⅓ per cent, and the municipality an equal percentage of the total cost of direct relief.

That system continued until August of 1934. In July of that year the present leader of the opposition summoned a dominion-provincial conference, which canvassed very thoroughly the situation which had developed under the system which I have described. I have read very carefully the report of that conference. The report was not published, and I shall not refer to it in any particular other than to say what was later recorded, that under a system where the dominion government committed itself to a percentage of indefinite expenditures, there was a tendency towards waste and a tendency towards laxity of administration, and it was in view of those considerations that the government of that day changed the method of percentage grants in relation to the problem as it existed in each province to a system of monthly grants in aid of fixed sums, these to be paid to the provinces for their assistance in meeting that problem.

Mr. BENNETT: That was when the representatives of the provinces were here.

Mr ROGERS: Yes. That followed the conference of July, 1934. Those grants in aid went into effect in August of that year, and they were the grants that were in effect when this administration came into office in October, 1935.

Mr. BENNETT: There was some variation as to amounts.

Mr. ROGERS: My information is that there was only a slight variation in the amounts paid under the grants in aid agreements. It is quite true, of course, that the administration of my right hon. friend did deal with special emergency situations in the western provinces on a different basis, but I am referring here only to the grants in aid of unemployment and agricultural distress apart from what was done in the drought area. The grants prevailing from August, 1934, up to October, 1935, are as follows—my right hon. friend is correct; there was some alteration in the case of Prince Edward Island and Nova Scotia, but the grants to the other provinces I find are substantially the same: Prince Edward Island, $1,250; Nova Scotia, $40,000; New Brunswick, $25,000; Quebec, $500,000; Ontario, $600,000; Manitoba, $135,000; Saskatchewan, $200,000; Alberta, $100,000; British Columbia, $150,000. These were monthly grants in aid. The only changes were in Prince Edward Island, where there was a reduction from $2,125 to $1,250, and in Nova Scotia, from $40,875 to $40,000. That is to say, there were only minor adjustments. These were the grants that remained in force for the period of fifteen months before this government came into office.

When we came into office we summoned a conference of the provinces and asked the provinces to lay fully before us the situation which had existed in the preceding period and to indicate how far they believed that that system had operated injuriously to the structure of municipal and provincial finance. It was manifest at that time—and one must remember the cumulative effect of these things—that some immediate action was necessary on the part of the dominion government to relieve the position of the municipalities. The municipalities themselves complained that under the relief legislation of the preceding period they had in many cases been unable to raise by taxation their portion of what was required, and were now being confronted with the inevitable results of a process of increase of debt due to the funding of relief costs. At all events the situation as it was presented to this government appeared to be a critical one, and we met it in the manner I have indicated. We increased the grants in aid to the provinces by seventy-five per cent for the winter months, and in the order in council under which that increase in the grants in aid to the provinces was authorized we emphasized that the increase was designed particularly to afford relief to the municipalities.

It is quite true, as has been said before in this chamber, that in certain cases the provincial governments appeared to be reluctant to pass on these increases to the municipalities, but that occurred in only a very few cases, and as a result of communications addressed to the provinces by the Department of Labour we have reason to believe that certainly during the first quarter of the year 1936 the increase in the grants in aid was substantially passed on for the relief of the municipalities.

From that time forward we have by degrees, in conformity with the improvement in general conditions, gradually reduced the grants in aid to the provinces. I am not going to indicate at this time just when those reductions were made and to what provinces they apply. I merely point out that the first act of the government in relation to the relief situation was based upon a clear appreciation of the cumulative effects of relief costs upon junior governments. We did it to meet an immediate emergency during those first winter months, and as the situation gradually improved we as a dominion government have correspondingly reduced our grants in aid to the provinces.

The next question that confronted us as a government was the disposition of the relief camps. I am not going to deal with that subject at great length, but as I said before I think it is important that we should understand fully just what policies have been followed, and why they have been followed, in order that the committee may review the entire situation at this time. The relief camps had been established to meet an emergent situation which had developed as a result of continued drought in the western provinces and of great decline of activity in other industries. As is well known to members of the committee, the industries of logging, lumbering and mining are to some extent seasonal in character, and tend to attract to themselves a large body of fluctuating labour. With drought conditions prevailing in the western provinces it was not possible to absorb that labour in agricultural occupations. As a matter of fact, during successive years there was a steady migration from rural areas to cities.

The result was a concentration of transients in our larger cities. It was in the main to meet that situation that the relief camps were established.

When we came into office the relief camps had been in operation for a period of about two and a half years. They were established in every province of Canada with the exception of Prince Edward Island; they totalled in all 144. They stretched across the dominion from Nova Scotia to British Columbia. I think it might be useful to indicate to the house how the strength of these camps increased in the period to which I have referred. As of January, 1933, the number in the relief camps was 1,936; in January, 1934, it was 19,526; in January, 1935, it was 21,631; and in January, 1936, it was 20,241. So the tendency had been for the numbers of these single homeless men, as they were described, to increase during that period, and there was in the nature of things a very considerable pressure upon both the preceding administration and this government when it came into office to increase the number of relief camps in order to provide a refuge for larger numbers of these men.

We had to make a decision as to what should be done with these relief camps. It was announced originally that the administration of these relief camps would be transferred from the Department of National Defence to the Department of Labour. Immediately following that statement, the Department of Labour established a committee of inquiry to visit the camps and to report to the minister with respect to the policy that should be followed in relation to them. The terms of reference to that committee indicate clearly that so far as the Minister of Labour was concerned there was a desire, which of course extended to the government as a whole, to find out whether in the existing circumstances the camps really met effectively the situation created by unemployment and transiency, or whether it would be desirable to close them and deal with the situation in another way.

The terms of reference were as follows:

1. The desirability of continuing the relief camps on their present basis or in any other form.

2. The allowance or wage policy which should be followed in the relief camps during their continuance, and the relation of any proposed change in allowance to other forms of unemployment relief, and more particularly to existing schemes for farm placement carried out in cooperation with the provinces.

3. The adequacy of existing facilities for reestablishing men now in relief camps in industrial and agricultural employment.

4. The adequacy of existing facilities for general education, occupational training and supervised recreation.

5. Any other matter in relation to the administration of relief camps which you deem to be of importance in the formulation of the policy of the Department of Labour in relation to these camps.

The members of that committee consisted of Mr. Humphrey Mitchell, formerly a member of this house; Doctor E. W. Bradwin, president of the Frontier college, who has had a long experience in dealing with this type of single homeless men, and Mr. Rigg, the head of the dominion employment service.

The committee lost no time in making its investigation, and upon the basis of its report it was determined by this government that the relief camps would be closed. We stated that we hoped it would be possible to close the camps as of July 1, 1936. Meanwhile, again following the recommendations of the committee, we decided that the allowance of twenty cents a day, which had proved the cause of so much contention and ill-feeling in preceding years, should be altered, that the men in the camps should receive a wage allowance of fifteen dollars a month up to the time of their closing, and that that amount should be paid to them on a deferred pay basis in order that they might be assisted towards absorption in some other line of occupation. It was said at the time that the relief camps could not be closed. It was said that there would be riots. It was said that it would create a disturbance of the labour market, and that, regardless of the conditions which had developed in these camps it was better to continue them than to seek to close them at that time. Fortunately it was found possible, through the cooperation of three departments of this government, the departments of national defence, of transport and of labour, to work out a plan whereby the greater number of men in the relief camps would be transferred to useful and gainful employment on maintenance work on the great railway systems of this country. Special employment officers were also sent to the various camps in order to assist others in them toward other occupations. Many were enabled to return to agricultural occupations.

I should like simply to say at this time that the program as announced was carried out to the letter. There were no riots; there were no disturbances. Some ten thousand of these men went to maintenance work upon the railways, and so were placed in a position to earn money,—for the first time in a number of years, in the case of a vast majority of them. Many found other occupations, and the camps ceased to be an integral part of

the administration of relief in this country as from dominion day, 1936. I should like to say too that in view of subsequent events, whatever may be said by hon. members as to the wisdom of that policy, it can be said that the policy itself was well timed, and also that those who were in the camps were enabled, by the adoption of other methods of dealing with this situation, to move into much more wholesome occupations. From that time forward, although there have been difficulties from time to time in certain of our larger cities, the problem of the single, homeless men has never attained the serious proportions it had prior to the closing of the relief camps.

The next question which faced us was the determination of the real dimensions of this problem of relief; the desire on our part to think of that problem not merely in terms of numbers but rather in terms of human need and of the occupational possibilities of those who had been unemployed and on relief for a period of years. So in February, 1936, we arranged, following the recommendations of the dominion-provincial conference in December of the previous year, to have a special trial registration and classification of the unemployed on relief. That was of very great value in laying a foundation for the more complete and more accurate registration which was conducted subsequently by the national employment commission.

The next decision taken by the government related to the assistance given to the provinces in connection with projects known as relief work. For some years, as I mentioned, the dominion government had assisted the provinces in the construction of highways and to some extent of buildings and municipal enterprises. The tendency was to concentrate expenditures upon highways and particularly upon sections of the trans-Canada highway which had not yet been built. The result of that policy was that there were in certain provinces, notably in Ontario, large concentrations of single men on these trans-Canada projects, and it was not found practicable to bring to them the heads of families on relief in the larger cities and towns of the province. We believed that it was reasonable in the first place that whatever expenditures were made for relief works should be distributed and located as far as possible in relation to existing employment needs, and we also felt that undoubtedly there would be full support both in this house and in the country for the stipulation in any agreement with the provinces that those working upon such projects should be taken largely from the relief rolls. The stipulation that at least fifty per cent of those working on joint projects should be taken from the relief rolls was inserted in the relief works agreements with the provinces covering the year 1936-37, and it has continued from then to the present day. We have had the assurance therefore, regardless of the extent of these programs, that they have contributed at least to the reduction of the relief rolls; and we have also had the assurance that the reduction has not been confined to single municipalities or areas but has been distributed as far as possible in relation to employment needs.

Those were the decisions that were taken before the establishment of the national employment commission, and that brings me to the setting up of that body. The second reading of the bill to establish the national employment commission was moved on March 30, 1936, and the commission itself was set up as soon as possible after the bill received royal assent. We made it very clear, when the national employment commission was set up, that we believed that there was a real need for an agency of this kind which could give its attention to certain aspects of this great problem of unemployment relief and also bring about a more effective co-ordination of effort among all governmental agencies having obligations in relation to that problem.

The house will remember perhaps some of the discussion that took place on the provisions of that bill, and it will be recalled in particular that it was emphasized at that time that the functions of the national employment commission were to be advisory. It is true that there is one provision in the bill whereby administrative functions could by order in council be conferred upon the commission; but in the debate it was emphasized by members on the opposite side that it would be undesirable to have administrative functions so conferred, and there was no question as to the feeling of the house that the main functions of the commission should be confined to advising the government with respect to measures to deal with unemployment and agricultural distress.

I should like at this time to refer to the functions of the national employment commission as set out in the act. They are:

The commission shall,

(a) carry out as soon as possible a national registration and classification of persons on relief in cooperation with the provinces, municipalities and private and public bodies;

(b) recommend to the minister conditions to be complied with by any province obtaining grants for relief purposes from the government of Canada;

(c) recommend to the minister effective means of mobilizing the agencies for relief both state and voluntary, and so coordinating their work as to avoid overlapping and abuses, and to secure when necessary, an effective supervision and auditing of expenditures of all moneys;

(d) investigate and report upon proposals for the carrying out of programs of public works and other projects to aid in providing employment;

(e) recommend to the minister measures with respect to programs of public works and projects of the dominion, the provinces, the municipalities, and other agencies, intended to aid in providing employment in a manner which will serve to mobilize and coordinate their activities;

(f) investigate and report to the minister on measures of cooperation with commercial and industrial groups in devising means under which provision may be made for the maintenance and increase of employment;

(g) investigate and report to the minister upon plans for the establishment of an apprenticeship system in industry;

(h) investigate and report upon ways and means of providing employment for disabled persons, and cooperate with the veterans' assistance commission in its efforts to secure suitable employment for ex-soldiers;

(i) recommend to the minister comprehensive measures constituting long-range plans of national development which may be proceeded with or discontinued from time to time as conditions may determine;

(j) take such steps to ensure publicity as in the opinion of the commission may be necessary to enable it effectively to discharge its powers and duties.

Those were the functions conferred upon the national employment commission, and I will now deal first with the personnel of the commission and secondly with the recommendations which have come from that commission, first in its interim report and subsequently in its final report, which was distributed a few days ago. First may I say this with regard to those who were appointed to the national employment commission and also to the two special advisory committees on youth employment and women's employment. Those who were appointed to the commission and the committees accepted their duties with a very keen sense of the importance of the task and a very keen sense of public obligation. I emphasize that at this time because there have been, and I suppose quite naturally, suggestions occasionally in this house that those who were employed on this work were perhaps not giving to it their full time and that the work might have been concentrated to better effect had there been a smaller commission or had those placed upon these committees been able to give their full time to them. In my own experience with the personnel and the machinery of this organization I am fully convinced that we could not have found in Canada a group of men and women more keenly anxious to serve the country in connection with this very great problem.

The national employment commission was organized in June 1936, and the first problems that confronted it were three. I referred a few moments ago to the problem of single homeless men and the measures taken by this administration to abolish relief camps and direct those in them to gainful occupations. It was necessary to anticipate the need for caring for single unemployed men and transients in the winter of 1936-37, and the first problem dealt with by the commission was this one, which past experience had proved had in it very serious elements of danger and disturbance. After a very careful study of that problem it was the view of the commission that we could best deal with that situation of transiency and the single unemployed by an expansion of the farm placement plan which had been in operation on a limited scale in previous years. The commission itself arranged conferences with representatives of various provincial governments in order to work out the details of that plan. As a result of the adoption of the plan and the full cooperation of the provinces in it, at least those provinces which felt that the question was a serious one within their borders, the farm improvement and employment plan was set up under which in the winter months of 1936-37 it was found possible to place in Manitoba some ten thousand men and women in farm employment.

Mr. MacNICOL: At government expense?

Mr. ROGERS: The expense being borne in part by the dominion and in part by the province, on an equal basis. The total in Saskatchewan was 14,850. The number remaining on the farms for the summer, in other words the number absorbed in agricultural occupations, was 4,051. In Alberta the total number of placements was 4,155 and supplementary plans, public works projects and forest conservation took care of another 1,509, making a total of 5,744. The number remaining on farms at wages for the summer at the conclusion of the agreement was 1,360.

Mr. MacINNIS: Would the minister tell us what the wages were, when he comes to that point?

Mr. ROGERS: I have not the wages received by those men who were retained on the farms, but my information was that they

received the prevailing wage in farming operations in western Canada at that time. I take it that my hon. friend is not now referring to what was paid under the farm employment plan?

Mr. MacINNIS: I should like to have both.

Mr. ROGERS: In British Columbia under the farm placement plan the number placed was 300, and under supplementary plans 4,147. In Quebec the total placements were 5,506 and the number remaining on farms was 4,400.

Mr. MacNEIL: In the figures the minister gave for British Columbia does he refer to men who were placed on farms in British Columbia?

Mr. ROGERS: The British Columbia figures on farm placements are very small, for reasons which I think my hon. friend will appreciate. We understood the situation as well, so in British Columbia, where the farm placement plan was applied to a limited extent, we arranged for special projects under which certain unemployed men and transients were engaged in the great primary industry of that province, namely forestry. That was the case in 1936-37 and also 1937-38. While they are so engaged, as my hon. friend is aware, they are receiving wages, and in connection with those wages there is a deferred payment plan.

Mr. HEAPS: What wages do they receive?

Mr. ROGERS: I have not the wages before me at the present time, but I shall be glad to take note of that question and give my hon. friend the information in committee on the bill.

Mr. MacNEIL: Were there three hundred placements on farms within the boundaries of British Columbia?

Mr. ROGERS: Yes, those three hundred placements were within the province of British Columbia.

Mr. MacNICOL: The minister's figures in reference to Quebec show that practically four-fifths of those placed on farms during the winter at the expense of the government remained on the farms through the summer.

Mr. ROGERS: That is quite true.

Mr. MacNICOL: Would the minister kindly explain that?

Mr. ROGERS: I have not an explanatory note on that point but I shall be very glad to try to get the information and give it to the committee. I should mention that in the province of Quebec no payment was made to the farmer under this plan. In the other provinces payments were made, in order to bring about a larger absorption of these single unemployed on the farms.

Mr. EDWARDS: Has the minister the figures for Ontario?

Mr. ROGERS: Although the plan was submitted to Ontario that province did not feel that the situation warranted the adoption of the plan. I may say that the proposal to deal with this problem of transiency and the single unemployed through a farm placement scheme was made available to all provinces, but those where the problem was greatest, the western provinces, naturally had the greatest number of placements. Quebec did adopt it; Ontario did not.

Mr. EDWARDS: There were no contributions to Ontario under this plan?

Mr. ROGERS: No.

Mr. LOCKHART: Would the minister give the reasons why the plan was not adopted by Ontario?

Mr. ROGERS: As I recall it the communication was to this effect: it was anticipated that increased logging, lumbering and mining operations in Ontario would very largely absorb the single unemployed, and at the time there was promise of a very marked expansion in those directions. Objection was taken to it also on the ground that the wages paid under this plan, if you can so term the allowances made, were well below what was normally paid farm workers in Ontario, and the department of labour of the province felt that it would be unwise to adopt the plan in view of those two considerations. I do not think I am misstating the situation as it was at that time.

Mr. McGREGOR: Could the minister tell us how much was spent on the whole project?

Mr. ROGERS: I shall be glad to take note of that question and furnish the information later. I may say, however, that this method of dealing with the problem has been far more economical and, as I mentioned a while ago, in our opinion far more wholesome and far better from the standpoint of the morale of the men and women involved than the former scheme of dealing with single unemployed in relief camps. So far as the expense is concerned, in the last year of their operation the relief camps cost some $9,000,000. On the basis of the increased wage allowance which we introduced in February of 1936 the cost of the camps, had they been continued throughout that year, would have been $12,000,000.

Mr. BENNETT: At the increased rates of pay?

Mr. ROGERS: Yes. The increased wages would account for the excess over the $9,000,000 of the previous year. Under the farm employment plan the actual expenditures last year I am quite sure did not exceed $2,500,000, and that amount would also cover the supplementary plans to which I referred, which were in operation in the provinces where the farm employment plan was not in force.

The next problem which was dealt with by the national employment commission was the persistent depression in the building industry. Members of the committee will recall that the employment commission put forward the terms of a plan which actually was put into operation before the house met last year, and which already has had the effect of bringing about a marked stimulus in the building industry. I refer to the home improvement plan. I do not think it is necessary for me to give the details of this plan. It involves encouragement on the part of this government, through the cooperation of financial and loaning institutions, of the repair of private homes. Up to date there has been expended directly under this plan, on home improvements, the sum of $15,000,000.

Mr. DUNNING: In a little over a year.

Mr. ROGERS: Yes. The plan is still in operation, and the results under it fully warrant its continuance. At the present time it is in full operation, and we believe there will be still further developments during the coming year.

Mr. MacNICOL: Does the minister not mean that the government has loaned $15,000,000, but that the total amount spent would be up to $60,000,000 or $70,000,000.

Mr. ROGERS: No; the loaning institutions have loaned $15,000,000. I was going to say that the experience in the United States, in the operation of a similar plan, has been that for every million dollars loaned directly in this way for the improvement of homes there is an additional expenditure of some $5,000,000, which is induced by what might be described as imitation. That may appear to be an extravagant estimate, but it has been the experience in the United States.

Mr. BENNETT: But the $15,000,000 is the sum total the banks have advanced?

Mr. ROGERS: That is true. About eighty-five per cent of the expenditure is for labour. There is no doubt that the plan has contributed very largely to the improvement of conditions in the building industry. The advantage comes not only from the extent of the amounts spent, but from the distribution across the dominion. A great deal of it is spent in repairs in smaller municipalities, but I believe the scheme has fully realized our expectations in providing employment in those places in which it is most needed.

Certainly the commission was wise in its decision to deal first with the depression in the building industry. The next question dealt with by the commission was the matter of registration. I have no doubt that by this time hon. members will fully appreciate the advantage of having a continuous registration of the unemployed on relief. Certainly I can say that from an administrative standpoint there is a tremendous advantage in being able to obtain from the registration branch at any given time a statement regarding the actual relief situation in any district. We can obtain information not merely with respect to the numbers unemployed and on relief, but concerning the occupations from which they came and the facts with regard to ages and other matters of economic and social significance.

Before I have finished I believe I shall have been able to give the committee additional evidence of the value of having this means of continually measuring the fluctuations in the relief problem. A few days ago the leader of the opposition (Mr. Bennett) directed attention to what he felt were some premonitory signals of a resumption of the depression in Canada. At the present time I shall not do more than say that at least so far as the relief situation is concerned, the figures at our disposal will enable us to measure with reasonable rapidity any changes which may occur from time to time in any part of the country. So far as employment is concerned, although there has been some falling off in recent months, I believe that falling off is certainly not enough at this time to justify our saying that there has been a definite reversal of the upward trend of employment in Canada.

Mr. EDWARDS: Does that apply to industry?

Mr. ROGERS: I shall deal with that.

Mr. EDWARDS: Surely the minister knows that the recession in industry is very severe at the present time.

Mr. ROGERS: I quite appreciate there has been some effect felt—

Mr. EDWARDS: Very much.

Mr. ROGERS: —in the border cities of Ontario, particularly,—

Mr. EDWARDS: All over Ontario.

Mr. ROGERS: —of a recession of manufacturing in the United States.

Mr. EDWARDS: That is not the point I brought up. I was not speaking about the border cities; I know nothing about them. But I do know that in central Ontario the recession is quite pronounced, and particularly in some industries.

Mr. ROGERS: If the hon. member will permit me to continue, I shall be pleased to deal a little later on with the point he has raised. After all, I quite agree with the hon. member that what we want is the truth. At the same time, while we should avoid excessive optimism, surely we should avoid excessive pessimism.

I come then to the recommendations of the national employment commission with respect to conditions to be attached to the grant in aid. During the first months of its existence the commission advised me, and I think properly, that it did not feel that it should recommend changes in grants in aid until it had had time to make a thorough study of the relief situation. In due course the commission made its recommendations concerning conditions which should be attached to grants in aid, and referred also to the coordination of what might be described as public aid with measures of voluntary aid given by welfare agencies.

The recommendations of the national employment commission were approved in principle by the government shortly after the publication last July of the interim report of the commission. It would have been possible for the federal government at once to have imposed those conditions, as originally recommended by the commission, upon all the provinces. We could have done so upon the basis, I suppose, of refusing to pay any grant in aid to a province unless it accepted the conditions laid down in the report of the commission.

At the same time I felt—and the commission agreed—that it would be desirable that before introducing new conditions with respect to grants in aid we should bring the provinces to us, one by one, and try to secure their willing cooperation in accepting recommendations which were designed to remove abuses in existing relief administration. We did arrange to bring officials of the various provincial departments of welfare to discuss their problems in administration with a committee composed of one representative of the Department of Labour, one from the national employment commission and one from the Department of Finance. Those conferences, conducted with each province, singly, extended over about two months. I did not feel that time had been wasted. Through those conferences it was found that some of the recommendations of the commission were not uniformly applicable. At all events, as a result of them a draft agreement was drawn up, the two main purposes of which were: (1) to remove the major abuse in connection with relief administration which, in some ways, had put relief in competition with gainful labour, through the tendency in certain places to raise relief scales above prevailing wages, and (2) to secure the cooperation of the provinces in trying to segregate for the time being, for the purpose of information, those on relief who were unemployable and who, therefore, in the strict sense of the term, were not in the category of those who might be directed into gainful occupations.

Mr. LANDERYOU: The minister referred to certain sections of the country where the relief rates were higher than the prevailing rates of wages. To what localities does he refer?

Mr. ROGERS: I have not that information immediately before me, and I am not sure that it is desirable at the present time to indicate them. I can say to my hon. friend, however, that in a number of provinces it has been discovered that the relief scales have been raised to a point where they have been competing with prevailing wages. I do not think anyone will seriously argue that that is a desirable situation.

Mr. COLDWELL: Or that the prevailing rates of wages have been brought down to the relief schedules.

Mr. ROGERS: So far as the prevailing rates of wages are concerned, the article in the agreement makes full allowance for what may be contributed by some other bread-winner who is a member of the family. There was no desire to apply it in a rigorous or inhuman manner; at the same time there was a feeling on the part of the commission, which is referred to explicitly in its report, that an effort should be made to see to it that relief did not compete with gainful occupations. These several agreements were entered into with the provinces after draft agreements had been sent to them for their comments.

I want to emphasize to the committee the fact that in dealing with this whole matter we, as the dominion government, have sought to cooperate with the provincial governments with respect to the administration of relief. Obviously there must come a finality to conferences; obviously there must come a time when the dominion government feels fully justified in saying that there has been enough

of conferences; that in order to protect its position it is necessary that this or that action shall be taken. But I want to make it perfectly clear that in all that we have sought to do in these last two years, we have endeavoured to secure the cooperation of the provincial governments. We felt also that although it was true that we were merely granting financial assistance to the provinces to deal with the problem of unemployment and distress, the provinces might reasonably expect that we should give something more than grants and make an effort with them to find constructive measures to reduce the problem and to apply measures of effective amelioration.

I come now to the recommendations of the national employment commission which appear in the interim and final reports. Members of the committee who have read the final report will remember that a brief and concise summary of the recommendations contained in the interim report was given on the opening pages. I have touched already upon the main recommendations in the interim report. I have not, however, dealt with one of those recommendations, a recommendation which is given further emphasis in the final report. This refers to low rental housing, and I shall speak upon this matter a little later and in another connection. So far as the three measures that I have mentioned are concerned, I would stress that they have been applied to all the features of the larger problem; that they have been successful in their operation and that they are now being continued.

May I turn now to the recommendations contained in the final report. On page 10 of the final report, following references to these other measures which I have just discussed, the commission directs special attention to the importance of the tourist trade and the possibilities of expansion in that important industry. This question has been referred to at different times in this chamber. According to an estimate by the bureau of statistics, during the past year the tourist industry brought about expenditures amounting to some $300,000,000. One great advantage of the tourist industry is that it is not one requiring that kind of protection or assistance which tends possibly to place one section of this country against another. No tariff protection is needed to stimulate the tourist industry. Moreover, this industry will confer its benefits upon every section of the dominion, and within those sections benefits are extended to almost every kind of business and occupation. I think the committee will agree generally that in stressing the importance of the tourist industry and the possibilities of expansion, the national employment commission has touched upon a matter of great importance and upon a development with great possibilities.

Mr. BENNETT: There is nothing new in that.

Mr. ROGERS: I agree that there is nothing new in directing attention to the value of the tourist industry. On the other hand, it has a distinct value that we should recognize in its relation to the unemployment situation. In other words, it is an industry capable of encouragement and stimulus in a manner which, as I have just suggested, does not set one part of the country against another.

Mr. EDWARDS: How does the minister determine the value of the tourist business? What is the yardstick?

Mr. ROGERS: I shall be glad to get that information for my hon. friend. The value of this industry has been determined by the bureau of statistics over a number of years. My own feeling has always been that it could not be regarded as more than an estimate. Of course, there is a record of the number of motor cars that cross the boundary at the various points of entry. Estimates are also made of the expenditures of visitors while in the country.

Mr. BENNETT: There is a partial record of what they take out.

Mr. ROGERS: It is no more than an estimate, but that does not detract from the value and importance of the industry.

Mr. EDWARDS: It is a valuable industry.

Mr. ROGERS: In connection with the development of the tourist industry, the national employment commission makes a number of specific recommendations. It suggests what matters should be explored and stresses the importance of close cooperation in this regard between the dominion and provincial governments. The report reads:

> The commission submits that the following matters should be explored and advised upon:
> National tourist highways,
> Retail articles attractive to tourists on which import duties should be adjusted to reduce the sale price,
> Historic forts and sites, their restoration and marking.

They refer also to handicrafts, sports and competitive sports projects and so on. So far as the suggestions with respect to the tourist trade are concerned, they have been receiving

the attention of the government for some time. In their relation to unemployment, they will certainly receive further attention.

During the past two years the government has been working along the line of a broad coordinated program of national development and conservation. I shall have occasion before I have finished to indicate certain lines upon which definite progress has been made within this program. Different features of it have been undertaken by a number of departments of the federal government, either with or without the joint participation of the provinces. It will be remembered by those who have read the report of the national employment commission that in its reference to public works projects there is a distinct recommendation that as far as possible each government, dominion, provincial and municipal, should deal with its own projects within its own jurisdiction, and that these should be financed and administered independently. With the displacement of joint public works, as recommended by the national employment commission, this program of what I have termed national development and conservation will be furthered by projects which will be controlled and administered within the federal jurisdiction. Within it we propose to give special attention to the proposals of the national employment commission for the encouragement and development of the tourist industry, and this policy has been in its earlier stages, and will be in its later stages, recognized as an act of faith on the part of this government in the future possibilities of a united Canada.

Mr. BENNETT: Has the minister any details of what the plans are for the tourist business?

Mr. ROGERS: Before I finish I shall give certain details in connection with what has been done. As the leader of the opposition is aware, specific projects are dealt with normally, have been for some years at any rate, through supplementary estimates for that purpose.

Mr. MacNICOL: Has the minister in mind cooperation with the Ontario government in its proposed flood control plan?

Mr. ROGERS: I do not think I should be or can be inveigled into a commitment of that kind at the present time. I am sure if I answered my hon. friend in the affirmative, there would be no lack of other members who would suggest suitable measures of cooperation in their own constituencies. In the nature of things we have had in recent years to deal with a vast variety of projects put forward because of their remote relation to unemployment or relief; but my own feeling has been, from the experience I have had during the last two and a half years, that we should concentrate, not on works projects as such merely for the purpose of providing employment, but rather on such projects as will develop this country, conserve its resources and make possible an increasing income, and, I trust, a permanent absorption of a larger number of our people into independent occupations. That has been our policy so far as we could bring it about through the programs which have been undertaken in the past two years. That is the policy we propose to maintain and to extend, and as I said a moment ago I believe it is a policy which will also play its part in counteracting some disintegrating forces which exist in this dominion at the present time. Within federal jurisdiction, under federal control, there are means of developing this country which will not merely contribute to the temporary alleviation of unemployment, though I do not disregard the importance of that, but above all else make it possible for Canada to increase its national income.

Mr. HEAPS: Has the minister anything particular in mind in that regard?

Mr. ROGERS: I think I shall be able to satisfy my hon. friend. As I have said, there are certain features of this program which are already in operation, and I shall refer to them before I conclude my remarks. There are other features of it which, as I have indicated, may have a special relation to the tourist industry, and which will be announced in due course.

Mr. LAWSON: May I take it that the features to which the minister proposes to refer before he finishes, are those in respect to which the policy of the government for the past two years has been the development of natural resources?

Mr. ROGERS: Yes; that and also the means we have followed in stimulating certain of the basic industries of this country in order that they may absorb a larger number of our unemployed. That is substantially what I have in mind.

I come next to the recommendations of the national employment commission with regard to what is termed rehabilitation, or plans for improving employability. In this connection I should like to refer back to another recommendation of the commission which was adopted by the government, and as a result

of which there has been in operation during the past year a program of youth training through which, I am justified in saying, a new hope has been given to and a stronger morale built up in thousands of unemployed young people from one end of the dominion to the other.

The national employment commission received a report from the youth employment committee, and it passed on to this government a recommendation, based on the report of the youth employment committee, that the government should initiate training projects for unemployed young people. It will be remembered that last year we placed in the estimates an item of $1,000,000 for that purpose. There were some in this house who suggested that that amount was too small; there were others who suggested that it was too large. I think it may be said that the amount, although it might have been doubled with advantage, was perhaps what it ought to have been having regard to the experimental nature of this work. We lost no time as a government in following the recommendation of the national employment commission in that regard, although I acknowledge freely, as stated in the report of the commission, that so far as the expenditure was concerned, we did not go as far as the commission thought we might have done. Letters were sent to all the provinces in May last, following the prorogation of parliament, asking the provinces to submit to the dominion government projects for training unemployed young people, projects which would have a value in the restoration of physical health and morale, projects which would have what might be termed a recreational value for those who had been unemployed in our larger cities. In other words, we set out in our proposals to the provinces the framework within which these various projects should be made to us, and when those projects were received we dealt with them and adopted them if they fell within the categories laid down by the national employment commission. I am happy to say that every province accepted eventually the proposals with regard to training projects for unemployed young people, and from Prince Edward Island right through to British Columbia these projects have been in operation during recent months.

Mr. MacNICOL: May I ask the minister a question in that regard?

Mr. ROGERS: Certainly.

Mr. MacNICOL: I have in mind that perhaps twenty-five to thirty thousand skilled men—toolmakers, machinists and so forth—have returned to the old country to work in the munitions plants there. What method has the government been following or what has been recommended to train youths between eighteen and twenty-five along these lines? I do not know of any—and I am thoroughly acquainted with many machine shops—who are being trained in these vocations. If we should need them to fill these positions we shall not have them.

Mr. ROGERS: The observation of the hon. member—which perhaps is rather an observation than a question—is quite properly made. There is no doubt that there has been an exodus of trained mechanics to Great Britain; but is my hon. friend also aware that in past years we have in the main drawn our trained mechanics from Great Britain?

Mr. EDWARDS: The technical schools of Ontario are supplying them.

Mr. ROGERS: They are training them to some extent; but I believe the hon. member for Waterloo South will find, if he consults with officials of trades unions and heads of industries, that many of our finest mechanics were drawn from Great Britain. In the last two or three years, in particular, with the great expansion of certain trades, especially the iron and steel industries, in the metal trades, in Great Britain, they have been drawn back to that country.

Mr. MacNICOL: The minister does not intimate that any skilled mechanics of that kind are being drawn from Great Britain to Canada?

Mr. ROGERS: Oh, no, not at the present time. The movement is rather the other way. But apprenticeship, as the commission report indicates, falls in the first instance upon industry. That is to say that industry in this country, if it feels it has a lack, either now or in prospect, of trained mechanics, is in its own interest surely under an obligation to take some measures to train boys who will take the place of those mechanics who, as my hon. friend has said, have gone back to England and of those who are advancing in age and will soon retire. Some of our industries have recognized that problem.

Mr. STEVENS: How many young men or young women, as the case may be, have been or are being trained under these agreements with the provinces which the minister has cited?

Mr. ROGERS: I have all this information here and I shall be glad to place it before the committee.

Mr. COLDWELL: What steps are being taken to follow that work up? This training is good. What follow-up is there? If it is not followed up, it is lost.

Mr. ROGERS: First, as to the question put by the hon. member for Kootenay East, these questions are questions which naturally call for an answer, and an answer will be given. I have the information as to the total number who are receiving training, and I propose to give it to the committee. Certainly I have no desire to withhold it.

Mr. STEVENS: Why the secrecy now?

Mr. ROGERS: The matter of time is surely not so important. I should like to continue along the line that I had intended to follow. But as to the general question which has been put, as I have said, the first obligation for training mechanics lies upon industry. In the second degree that obligation has always rested upon the provinces, which, as this committee is aware, now control the relations between employer and employee, wages and hours and industrial conditions generally. For that reason I want to say frankly to the committee that we as a government did not feel it was desirable, at this stage at any rate, that we should by dominion legislation seek to invade the field of apprenticeship. There have been cases before—and they have been brought to the attention of the house—where the dominion government has by a grant in aid induced provinces—at least they have occasionally told us afterwards that they were induced—more or less, the assumption has been, against their will, into new directions of expenditure. I need only mention agricultural instruction and technical education. Once we have gone into those fields the tendency has always been to make what was designed as a temporary expenditure into a permanent expenditure, and in this way to bring about as it were a transfer of provincial obligations to the dominion by a back-door route, and that has not been a satisfactory method of dealing with the situation.

Mr. WOODSWORTH: Would the same objection not apply to these recreational projects which the dominion is now undertaking?

Mr. ROGERS: No, because we have proceeded by way of agreement with the provinces. There has been no dominion legislation dealing with the subject of apprenticeship, which, as I have said, does lie and always has lain within provincial jurisdiction.

So far as these youth training projects are concerned, we have dealt with them by agreements with the provinces. But I would say that, within the categories laid down by the national employment commission, we have sought to get the cooperation of the provinces, particularly the industrial provinces, by bringing about what are termed learnership courses; the learnership courses, while they do not constitute apprenticeship in the ordinary sense of that term, do actually train young men for absorption in private industry; and by our continuing these courses over a period of two years or three years, as the case may be, we are enabled to provide in some measure for this lack of trained young men in some of our larger industries. That is particularly true in Ontario, where more progress has been made in that direction than in some of the other provinces in which, after all, there is not the same diversification of industry or the same opportunity for these learnership courses.

Mr. WOODSWORTH: But surely if it is possible to do that in what are termed learnership courses, it would be possible to do it in the case of apprenticeship.

Mr. ROGERS: I shall not quarrel with my hon. friend over the use of terms. But I shall say this, that, particularly at the present time, I do not think it is advisable that the dominion parliament should assume what might be regarded as legislative jurisdiction over apprenticeship. That is the point I have in mind. We can assist the provinces by agreement as we are doing in connection with training projects.

Mr. EDWARDS: Very wise.

Mr. ROGERS: My hon. friend agrees with that?

Mr. EDWARDS: I do.

Mr. ROGERS: I believe that anyone who has followed the actual results under these grants in aid, which usually have been given under pressure of immediate circumstances without any clear vision of what they may involve in time to come, will agree that that policy is not one which ought to be continued or extended at the present time. Fortunately we have now reached a position where we shall have a review, and I hope a thorough review, of these interrelations between dominion and province under these indirect arrangements through which the dominion has given financial assistance to the provinces to enable provinces to do what they are obliged to do under the constitution but which, in many instances, they are unwilling to concede to any other legislative authority.

Mr. BENNETT: Sometimes they concede it, but say they are unable to do it.

Mr. ROGERS: Sometimes that has been the case; and I think the leader of the opposition will also agree that we are suffering at the present time from the fact that we as a dominion government have been led under stress of circumstances—to meet emergencies, if you will—into making grants to provinces to enable them to maintain administration with respect to great social services, such as old age pensions, to which this dominion government contributes three-fourths of the cost. I do not believe any member of this house can consider that a sound method of conducting federal relations, and it is one which I hope will be rectified. I do not wish to extend that point at this time, having had occasion to deal with it some time ago. If I speak of it now it is because at the Department of Labour more than any other department one is conscious at all times of working in a field of indefinite jurisdiction where responsibilities are not precise and where, for this reason, there is always the possibility of misunderstanding, friction and recrimination. My right hon. friend referred a moment ago to the fact that there had been certain disintegrating influences in this country in the past few years. I am sure that part of that has been due to this very practice of dealing with some of these problems that touch human need upon the basis of dual and therefore indefinite responsibility as among various governmental agencies. It is not a problem that we can settle here at this time; but it is one of which I believe the country as a whole ought to be aware, and certainly we should not continue farther along a way which has been tried and found wanting in the respects that I have mentioned.

I have every desire that stimulus should be given to apprenticeship. There are certain things that can be and are being done by the Department of Labour here to encourage apprenticeship; but my point has been that it would not be desirable for this dominion parliament to assume anything in the nature of jurisdiction with regard to apprenticeship, practically all industrial matters being at the present time under provincial jurisdiction.

The hon. member for Kootenay East asked me if I would be more precise in connection with the projects which have been established under the youth training plan. In the first place it would be useful to give the various schemes that were proposed:

(a) training projects of an occupational nature devised to increase the employability of young unemployed persons pending employment;

[Mr. Rogers.]

(b) short term learnership courses, not exceeding one year in duration, devised to provide theoretical training concurrent with specific employment;

(c) work projects for young unemployed, incorporating reconditioning, training and conservation features undertaken for the purpose of restoring loss of morale among the young unemployed and conserving natural resources.

In connection with forestry work, for instance, the camps that have been established in a number of provinces would be in accord with that classification.

(d) training projects of a physical nature for young unemployed, to assist in the maintenance of health and morale pending employment.

I have before me in some detail the summary of the training which has been given, and later on I shall be glad to give the results in each of the provinces. The summary goes up to the latest date. I would point out in that connection that a number of provinces in the very nature of things took some time to develop the projects they felt best suited to their needs. It so happens that Ontario and Quebec, the largest industrial provinces, did not actually get into full operation under this plan until October of last year.

Mr. BENNETT: Is that to the first of March?

Mr. ROGERS: It is to the end of January, the latest date for which we have reports. Training was given to 16,072 men and 12,850 women, a total of 28,922.

An hon. MEMBER: Will the minister give the figures under each classification?

Mr. ROGERS: I shall be glad to do that with respect to the different provinces, but at the moment I have the figures arranged in a certain way. I shall give the summary now. I come next to those placed in employment, and that touches a point raised by an hon. member a few moments ago. It was felt by those dealing with this particular problem that the vital need was vocational direction. There is no doubt in the world that the impact of the depression upon the younger men who have come of age in the last few years and have not found work has been unsettling, and the tendency has been to create a kind of hopelessness which requires some sort of continuing direction. I am not going to say that I am satisfied as yet that we have developed a satisfactory system of placement; but we have had it very much in our minds, and we propose to appoint special placement officers in connection with these groups in all provinces and attach them

to the employment offices. We have already made some progress in that direction, but so far as placements are concerned, in this limited time, the figures are these: men, 1,371; women, 731. The number of days' work given in forestry and mining, men, was 151,357. Next we come to the rural courses. There were: men, 5,998, and women, 3,427. In forestry there were: men, 2,416; mining, men, 519; physical training, men, 1,671; women, 4,302. The number of those taken off relief were: men, 2,565, and women, 1,173.

That is merely a summary of what might be termed the beginning of a sound enterprise which fully justifies its continuance. I know, from my own contact with some of those who received this training in various provinces, that to them it has meant something more than the reduction of one or two or three from the relief rolls. It has meant the possibility of receiving training for some definite occupation and has meant a restoration of morale and a new direction towards independence.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. ROGERS: Mr. Chairman, perhaps I ought first to the ask the indulgence of the committee as I continue the statement begun this afternoon. On the other hand, it will be remembered that the committee requested a comprehensive statement with respect to unemployment conditions. Certainly the problem itself justifies such a statement, and it has been my endeavour to place before the committee in as much detail as is possible at this time the situation existing at present with respect to unemployment and the results obtained under the various measures adopted by the government to deal with it. I propose, however, to move as rapidly as possible toward the conclusion of my remarks.

At six o'clock I was dealing with the youth training agreements. No doubt at a later stage in the discussion there will be ample opportunity to deal with the projects adopted in the various provinces for the training of unemployed young people. I pointed out this afternoon that all provinces had cooperated in the formulation of these training plans. At the same time we have assurances from all provinces that in view of the results obtained during the past year they are prepared to continue these projects to a greater or lesser degree during the coming year. May I say also that the initiation of these training projects for unemployed young people marks the first action taken by any government in this country in relation to this special aspect of the unemployment problem. In another connection the appointment of a women's employment committee—and certain recommendations from that committee have also found expression in youth training projects—marks the first attempt on the part of any government in this country to deal with that special aspect of the unemployment problem.

We believe that the experience gained during the past year in the development of these training projects for unemployed young people will enable us to improve them materially in the next year. I made it quite clear to the committee this afternoon that we have been moving, as it were, in an experimental way. We have asked the provinces to indicate projects which are best adapted to conditions within their boundaries, and we have sought to focus the training projects in such a way that ultimately they will lead to the absorption of those so trained, in industries which are fully established in the provinces where the training is being given. I also indicated to the committee that we attached great importance to the setting up of a proper placement service in connection with these plans, which, I believe, can be done, and we propose in particular to see that vocational guidance, if I may use that term, is related closely to the various training projects which will be established during the coming year.

In addition to the recommendations of the national employment commission with respect to training projects for unemployed young people, there is also a recommendation for training the unemployed in the older age groups. I may say at once that the government is fully seized of the wisdom of extending these plans so far as possible to unemployed men in the older age groups. We realize, as indeed anyone must realize who has followed what has taken place in the last few years, that many men have lost their former occupations, and unless something is done for these men which will assist towards their reabsorption in private industry, the outlook for them is more tragic in some respects than for the unemployed young people. Here again progress towards the improved employability of those who have been out of work during the depression years is dependent upon the active cooperation of the provincial governments. In connection with this question of extending rehabilitation to men in the older age groups, we have been in conference with

various provincial governments. I am hopeful that we can make substantial progress in this direction during the coming year. The committee will understand that in dealing with matters involving education and apprenticeship, the dominion government may give a lead; the dominion government may initiate, but it must have the full cooperation of the provinces if these plans are to succeed. The alternative would be the setting up by the dominion government of educational services overlapping those already established in the provinces. Clearly that would not be a desirable way of meeting this situation.

I come next to another recommendation of the national employment commission, first made in the interim report and repeated at some length in the final report. That recommendation emphasizes the desirability of establishing a national employment service, a question which has been before the house on various occasions. It so happened that this recommendation by the commission was one of the first that was transmitted to the Minister of Labour. I felt as the commission indicated, that in dealing with an unemployment problem, of the dimensions to which that problem has grown within recent years, it was of great importance that we should have an efficient employment service which would operate along uniform lines so far as possible, and subject to some general national direction. At the time that recommendation was transmitted to me, the legislation passed by the late administration with regard to unemployment insurance was before the courts. I refer to the Employment and Social Insurance Act, which provided for the setting up of a system of employment offices across the dominion. In the circumstances it was felt by the government that it would be preferable to await the decision of the courts with respect to that legislation before giving consideration to the alternative of the dominion establishing of itself a national employment service. It will be remembered by members of the committee that the Unemployment and Social Insurance Act first went to the Supreme Court of Canada, and was then taken on appeal to the privy council, where it was declared ultra vires of the dominion parliament.

We were then faced, in due course, with what further action might be taken by the government in cooperation with the provinces to vest this parliament with full legislative power to deal with unemployment insurance. It is scarcely necessary to remind the committee that the government met the situation by seeking the cooperation of the provinces to secure the necessary amendments to the British North America Act to make it possible for us to establish a national system of unemployment insurance, carrying with it as a necessary corollary a national employment service. It may be urged that, regardless of the establishment of unemployment insurance, it would have been wise, or would now be wise, to proceed with the setting up of a national employment service, and I should like to say frankly to the committee that from time to time the national employment commission urged that course upon us. On the other hand, I should like to say with equal frankness it was my view that it would not be desirable to deal piecemeal with this question; that it would not be desirable, let us say, for the dominion government to have a national employment service in three or four or five provinces, and provincial employment services in the remaining provinces. I believe that we should at least make every effort to secure an employment service which would operate in all provinces of the dominion, before giving serious consideration to the alternative I have just suggested.

I think we must recognize that, as a matter of fact, under existing constitutional arrangements the provinces have direct control of and interest in industrial conditions. As I said this afternoon, the whole question of the relationship between employer and employee is now within provincial jurisdiction, as is the case also, for instance with wages and hours. No doubt it was due in part to this reason that the setting up of employment offices in this country was left within provincial jurisdiction.

At the present time, as the committee is aware, we have what might be termed a cooperative system with respect to employment offices. In 1918 parliament enacted The Employment Offices Coordination Act. Under that act the sum of $150,000 is set apart each year and is divided among the provinces upon the basis of their expenditures for employment services in relation to the total expenditures in the dominion for that purpose.

Mr. MacNICOL: What do the federal officials in those offices do?

Mr. ROGERS: With the few exceptions which I shall mention in a moment or two, there are no federal officials in the employment offices established across the dominion. The personnel of the employment offices of the various provinces is selected by the provincial governments. The dominion government has, attached to the Department of Labour, what might be termed a coordinating agency which operates as a clearing house for information with respect to employment offices under the

control of the various provincial employment services. There was set up, too, in connection with the reestablishment of war veterans a service which consists largely of special attention being paid to the training and absorption in industry of disabled war veterans. There are some officials—I have not the number before me—appointed by the dominion in some of the provinces who deal with that particular aspect of the problem. Generally speaking, however, the personnel of the employment offices, under the existing system, is appointed by and is under the control of the provincial governments.

May I point out to the committee that under that system the dominion government has only a limited control over employment offices. For example, we cannot compel the provinces to establish employment offices in particular localities. We have no effective control over the selection of the officers in the various employment offices who deal with employment conditions. There is no doubt, I believe, that in some provinces the employment service has fallen below the standard one would wish to have in connection with this very important question.

As I have pointed out, the national employment commission made it quite clear that in their view, and in order particularly to deal with the question of rehabilitation, it was desirable that there should be a national employment service. I do not believe we should enter into competition, so to speak, with the provinces; we cannot compel the provinces to withdraw from the service. Some provinces in western Canada have indicated their willingness to withdraw from the present employment service arrangements, and are quite ready to have those services taken over by the dominion government. On the other hand, we have had no such intimation from the great industrial provinces, so that I feel it would be to the disadvantage of the efficiency of that service if we attempted to set up what might be described as a dual system.

We trust that in due course the various provinces may see the wisdom, in relation to the great problem of economic insecurity, of giving their full cooperation toward setting up a national system of unemployment insurance. If that is done, there is no real problem with respect to the establishment of a national employment service, because the very connection which would be established between unemployment insurance and industry would ensure a situation whereby a system of employment bureaus attached to an unemployment insurance scheme would soon prove its usefulness in competition with any provincial service, if, indeed, under those conditions the provinces desired to continue the existing services.

I turn next to the recommendation of the national employment commission with reference to rehabilitation through land settlement. I shall touch upon this matter only briefly to-night. Here, too, the recommendation is one which does not lay exclusive obligations upon the dominion government. The proposal is rather that in connection with the general problem of rehabilitation of those who are now unemployed and on relief, there should be an effective and continuing cooperation between the dominion, the provinces and the municipalities in the rehabilitation of suitable families on the land.

We have had some experience in this matter. As a matter of fact, we have had relief settlement agreements with a number of the provinces, which agreements have been in operation for several years. In the first instance those agreements were established by the late administration, and under them some thousands of families have been established on the land. It must be remembered by hon. members of the committee that last year the house was sharply divided as to the wisdom of that policy. I would go so far as to say that the success of any policy of the kind depends essentially upon selecting the right people for the right land. Undoubtedly—and I shall not deal with the reasons now—in the relief settlement plans, as they have operated in recent years, there have sometimes been unfortunate selections of people and unfortunate selections of land. Obviously this whole question is one which must receive the further consideration of the government in conference with the provinces. It may well be that based on the experience of the past it will be possible to develop a more effective scheme of rehabilitation than has existed in other years. It is a direction in which we should move carefully and surely because, in connection with soldier land settlement and other arrangements of this kind, this country has had a rather unfortunate experience.

I come next to the recommendation of the commission which incorporates certain proposals made by the women's employment committee. I quote from pages 17 and 18 of the report:

> The committee at an early date also drew the attention of the commission to the inadequacy of the existing employment service of Canada to meet the trying demands placed upon it in respect to unemployed women. They endorsed the recommendations of the national employment commission for a unified and extended service. In their final report the vital

part which such an improved service would play in solving the employment problem of women, and the impossibility of successful attainment without it, are strongly emphasized.

And again:

Finally, the women's employment committee is of the opinion that the dominion government can render a genuine service to all gainfully occupied women, particularly in industry and trade, by establishing in the dominion Department of Labour a women's bureau to undertake research in connection with the employment of women, and to provide the machinery for educating the public to the point that working conditions and wages are improved, all to the end that employment conditions for women may become more attractive.

May I say in that connection that if and when it is possible to establish a national employment service, it is obvious that a proposal such as this is one which could best be expressed within the framework of such a service. Apart from that, however, we have in the Department of Labour at the present time certain research clerks, two of whom are highly qualified women who are, I believe, in a position to do useful work along the lines indicated in the report. They are being instructed to give their attention to this problem as outlined in the report of the national employment commission.

I come now to the recommendation of the commission with respect to low rental housing. I referred to it this afternoon and said that I would return to it before I had finished. The national employment commission made proposals to the government last year with respect to low cost housing. These proposals were later given the form of a draft bill which reached the government at a time when it was not feasible to give it the necessary consideration before the prorogation of that short session of parliament. This proposal is contained in an appendix to the report. I may say that the proposal is now before the Department of Finance and is being considered in connection with other plans for the stimulus of housing which are now in operation under existing legislation.

It may be known to members of the committee that during the past year there has been a marked increase in building carried on under the Dominion Housing Act. For a time there was good ground for apprehension that the results would be cause for disappointment, but within the past year there has been a marked improvement in the building carried on under this legislation. This has been due in part to the original provisions of the act and in part to certain regulations which were introduced a year ago and which made the act available to a larger number of people.

[Mr. Rogers.]

I turn next to the recommendations of the commission with respect to unemployment aid. In dealing with this section of the report I should like to emphasize that here we have what might be termed a contingent suggestion or expression of opinion upon the part of the national employment commission. That is, the commission, in fulfilling its advisory function and in recognizing an obligation to deal with the problem of unemployment, not merely as it exists immediately but as it might develop within a few years, took the ground that it would be well to consider what action might wisely be taken in connection with unemployment assistance, if and when it was found possible to introduce unemployment insurance on a national basis.

In its introduction to its discussion of this problem the commission emphasizes most of all what it terms a functional division of responsibility in connection with unemployment distress. I have no doubt that members of the committee have read this section of the report and I shall not enter into it in detail at the present time. In commenting upon this section of the report I should like to say that the government agrees in principle with the views expressed by the commission, that a functional division of responsibility for social services is preferable to a system of dual responsibility where the dominion government supports social services within provincial jurisdiction by the payment of grants in aid. This opinion has been expressed on various occasions by members of this government and, if I mistake not, by members on the other side. We believe it is a sound policy that financial and administrative responsibility should be united in the same authority and that the government which controls the spending of money for social services should be responsible for raising such money by taxation. We agree also that the method of supporting unemployment relief by grants in aid from the dominion treasury, with the administrative control remaining with the province and the municipality, is a method which tends to be wasteful and inefficient. This system, however, as the commission has recognized and as it has been recognized on both sides of the house, has been developed within the established principles of our federal constitution.

Until the constitution is altered the dominion government is under obligation to observe the existing distribution of powers and responsibilities in relation to social services. While the national employment commission recognizes that the system under which the dominion government assists the provinces

by grants in aid for unemployment relief is one that should properly be followed within the constitutional structure, the majority report of the commission directs attention to the fact that the royal commission on dominion-provincial relations is now conducting an investigation with a view to the reconsideration and readjustment of the obligations and taxing powers now assigned to the dominion parliament and the provincial legislatures. The report observes also that the dominion government has sought the cooperation of the province in order to bring about a nationally administered system of unemployment insurance. The report proceeds in the following terms:

> This commission also recognizes that the establishment of a national system of unemployment insurance would necessitate a supplementary system of unemployment aid to meet those phases of unemployment need which experience abroad has shown cannot be covered by unemployment insurance. Such a supplementary system of unemployment aid would, in its opinion and for reasons stated later, be best administered by the dominion. This further step would necessitate determination by the royal commission on dominion-provincial relations of the financial basis on which such a system should be established, and in the light of relevant considerations, of the wisdom of further constitutional and financial changes. The national employment commission does not consider it to be within its competence to express an opinion on these changes, other than to record its considered judgment that if financial and constitutional considerations should permit, the coordination of a nationally administered system of unemployment insurance and employment offices, buttressed by a similarly administered system of unemployment aid, would have decisive advantages over the present system in coping with problems of employment and unemployment.

In summing up its views under this head, the majority report contains the following observations:

> In stating thus its opinion the commission is not judging the financial abilities of the various governments nor the sources from which the funds should be derived; nor has it given consideration to any compensating readjustments which might be considered a necessary part of such a system; all these things it considers to be beyond its purview.
>
> It is, however, recommending that the royal commission on dominion-provincial relations give consideration to the views here expressed, as well as to the many other relevant factors which fall outside the national employment commission's terms of reference.

The objections to the ultimate assumption of dominion responsibility for unemployment aid are set out in the dissenting report of Mrs. Sutherland. She expresses the view that "in spite of errors in the practices surrounding the giving of dominion financial assistance through grants in aid, the primary responsibility of the government closest to the applicant is fundamental." She states further:

> Although a change to a centralized system where the dominion assumes administrative responsibility may have some advantages in the mechanics of its application, any new system designed to finance and administer so uneconomic a national burden as distress resulting from loss of income because of no work, is liable also to many abuses.

In general the dissenting report stresses the importance of social assistance being administered by municipal officials with knowledge of local conditions, and with the restraint of municipal taxation operating as a deterrent to waste and laxity of administration. This view is still strongly held by some provinces of the dominion where direct relief has been eliminated or reduced to small proportions.

The dominion government has already indicated its willingness in cooperation with the provinces to secure a constitutional amendment which will permit it to introduce a national system of unemployment insurance. A national system of unemployment insurance will require for its effective administration a national organization of employment offices. In its majority report the commission has recognized that the establishment of a nationally administered system of unemployment aid must depend upon two conditions: First, the adoption of a national system of unemployment insurance; second, a revision of existing obligations and financial powers under the federal constitution. Since the subject of unemployment aid is bound up with the larger questions of redistribution of responsibility for social services and reallocation of revenue sources which are now before the royal commission on dominion-provincial relations, the government has decided to reserve judgment on this section of the report until that commission has completed its investigation and has submitted its findings. We feel that this is the only position we can properly take in the circumstances. Any other course at this time would involve either an arbitrary curtailment of the terms of reference already issued to the royal commission on dominion-provincial relations or a process in bargaining with the provinces on one particular feature of constitutional readjustment in advance of the more comprehensive settlement which it is hoped will emerge from the present investigation of dominion-provincial relations.

In this connection it may be stated that certain provinces have suggested that they would be willing to assume the entire cost of unemployment relief if the dominion government would consent to the reallocation

of revenues now collected within the provinces under federal legislation. It is clear that any formal discussion of such a proposal would be equally impossible in advance of the findings of the royal commission on dominion-provincial relations.

Mr. MacNICOL: Before the minister leaves that question, may I ask if the department has considered the United States system of unemployment insurance. They had similar constitutional difficulties to ours in Canada, but they overcame them by a different system of application. Has the United States system been considered by the government here?

Mr. ROGERS: The Department of Labour, in giving its attention to unemployment insurance, has given serious thought to the systems which have prevailed in other countries, and I assume also that the late administration gave the same serious study to the alternative methods of a national system of insurance and systems such as now prevail in the United States. I do not wish to comment adversely upon the arrangements which now exist in the United States; but at the same time I understand that the establishment of separate schemes in different states has led already to serious complications, particularly in adjoining states where there are large working populations, for instance, in the state of New Jersey, where many working people reside and yet go to work in the state of New York. I simply mention that in passing. I can, however, assure my hon. friend that we have gone very carefully into the systems of unemployment insurance which prevail in other countries.

In connection with its recommendations as to administrative machinery, the national employment commission suggests the desirability of setting up in the Department of Labour a small administrative committee which would assist in carrying out the recommendations of the commission. There is also the suggestion that this committee should act in close cooperation with a subcommittee of the cabinet which also would give special consideration to unemployment problems. A subcommittee of the cabinet already exists for the purpose indicated.

We have in the Department of Labour a number of officers each of whom is concerned with particular branches of the work of the department in relation to unemployment. It is my own thought at the present time that in carrying out this suggestion, instead of setting up a detached advisory committee, which would have had no intimate connection with the problems of administration, it would be desirable that the committee should be composed of these several officers of the department who have a day-to-day acquaintance with special aspects of the problem of unemployment. Certainly in our future action in this regard we shall do our utmost to see that there is a continuous and careful coordination of the work of the Department of Labour with that of other departments concerned with various aspects of relief and unemployment questions.

This report, and the main recommendations which I have discussed this afternoon and this evening, represent a genuine and useful effort upon the part of the members of the commission and the two advisory committees to give the government and the country some definite direction for the future in connection with this continuing question of economic insecurity. I say that regardless of whether or not I as Minister of Labour am in complete agreement with all the recommendations of the commission. It will be understood by this committee that this commission, and, indeed, royal commissions in general, are called upon to deal with problems under definite terms of reference. That is inevitable and unavoidable. But it has been found by the late administration and, indeed, by all administrations in this country, that a commission charged to deal with a particular problem under definite terms of reference will sometimes, and quite justly from its point of view, make recommendations which from the standpoint of the government it is necessary to reconcile with broader considerations of policy. That undoubtedly is the explanation of the failure on the part of governments—all governments—to accept and implement all recommendations which appear in reports of royal commissions. This government, let me say, feels that in connection with the problem of unemployment it has received able assistance from the national employment commission and the committees on youth employment and women's employment. I have indicated this afternoon some of the distinct and practical advantages which already have flowed from the acceptance by this government of recommendations of that commission, and these advantages will continue to operate during future years.

I shall have reason a little later to indicate to the committee that during the period the national employment commission has been in operation there has been a marked improvement in employment conditions. I am not suggesting that this improvement in conditions has been due wholly or even in large measure to the recommendations made by the commission which have been adopted by the government. I merely say at this time that the commission gave very careful thought to the

problem committed to it, and that it made to the government various recommendations, some of which have been accepted, for the reasons I have given, some of which have been rejected and some others of which have been held in suspense, also for reasons that I have given. But of this I am very sure, looking back over these last two years, that the establishment of the national employment commission was a wise measure, and I can testify to the fact that during a very difficult period I as Minister of Labour received most valuable assistance from the chairman and members of that commission.

I wish to turn now to what might be described as another aspect of the unemployment problem. Thus far I have been discussing measures directed toward the relief situation or special measures proposed by the national employment commission to provide additional employment. But this government has never attempted to deceive the house or the country with the suggestion that the true cure of unemployment lay in any project which could be developed by an advisory body or which would assume the form of large public expenditures. This government from the very beginning has taken the view that in the long run, and looking toward any permanent solution of economic insecurity, if we can think in terms of permanence in that regard, the true path along which we should go is that of expanding trade and expanding industrial activity. And when as Minister of Labour I deal with the unemployment question, I feel that I would not be doing justice to the problem if I did not refer to the measures taken by this government to deal with the expansion of trade and the promotion of industrial activity. It may be recalled that the opinion was expressed in the house not long ago that it was impossible to revive foreign trade. There are those who said in explicit terms that foreign markets were dead, although I doubt very much if those who made that statement realized the full implications of it for the Canadian people—

Mr. BENNETT: Who said it?

Mr. ROGERS:—because, if foreign markets—

Mr. BENNETT: Who said it?

Mr. ROGERS: If I mistake not, the statement was made on one occasion by the hon. member for Winnipeg North Centre that foreign markets were dead.

Mr. WOODSWORTH: I cannot recall any such statement.

An hon. MEMBER: We can.

Mr. ROGERS: Although I acquit the leader of the opposition of making that statement in explicit terms,—

Mr. BENNETT: He certainly did not.

Mr. ROGERS: —I am at least bound to say that some of his policies indicated that so far as he was concerned he put his faith in economic nationalism and in the building up in this country of what might be termed a self-contained industrial structure. But this government has never adopted a defeatist attitude in matters of trade. We realized that great changes had come over the world in recent years, and that the result of the depression had been, so to speak, to cause nations to withdraw within themselves to find some delusive security behind the ramparts of high tariff walls. But we did not believe in that policy; we did not believe that such a trend was inevitable or permanent, and soon after we came into office we gave an earnest of our refusal to accept that theory. We obtained a reciprocity agreement with the United States under which a remarkable stimulus has been given to the great primary industries of this dominion. I shall give shortly some of the results which have been obtained under that reciprocity agreement.

Mr. BENNETT: The minister would not call it reciprocity, would he?

Mr. ROGERS: I would call it reciprocity.

Mr. BENNETT: He is the only one who would.

Mr. ROGERS: I would also go further, perhaps, and remind the leader of the opposition of some of his predictions with respect to what would happen when that reciprocity agreement came into effect.

Mr. BENNETT: They are coming true now.

Mr. MacNICOL: Conditions are getting worse every day.

Mr. STEWART: We have only to wait a little while.

Mr. ROSS (Moose Jaw): His estimate of fifty millions instead of six under the item dealing with the $100 exemption for tourists.

Mr. ROGERS: The purpose of that reciprocity agreement was to obtain in the great country to the south of us assured markets for the primary producers of Canada. The leader of the opposition made a statement

from which he would have us believe that the present agreement could have been obtained by him in its present form.

Mr. BENNETT: Certainly.

Mr. ROGERS: Yet on another occasion he also made it clear that he had not concluded an agreement such as the present one because he feared that by doing so some injury might have been done to the manufacting industries of this country.

Mr. BENNETT: He never said that.

Mr. ROGERS: He was not willing to go the last mile in that respect.

Mr. BENNETT: He did not say that, so far as I can recall. What he said is on the record, without being paraphrased by the hon. gentleman.

Mr. ROGERS: Well, I have no desire to paraphrase the statements of the right hon. gentleman.

Mr. COLDWELL: I rise to a point of order, Mr. Chairman. Which recommendation is the minister discussing now?

Mr. ROGERS: I am dealing with the unemployment question, and I propose to refer to what has been accomplished by this government and under this government with respect to the expansion of trade and the increase of employment which has come through the expansion of trade.

Mr. MacNICOL: That will keep us here till next August!

An hon. MEMBER: Yes. We do the job.

Mr. ROGERS: Notwithstanding the decline in cereal exports due to the poor harvest of last year, Canada has maintained her position among the countries of the world as the fourth largest exporter during 1937. I am now going to place upon Hansard some of the effects of the trade policies of this administration so that it may be clear to one who reads, that in those policies there has been an expansion of trade, and, on the basis of that expansion in trade, a resultant increase of industrial activity in this dominion.

Mr. MacNICOL: A contraction of employment in Canada.

Mr. ROGERS: Total trade: exports, calendar year, 1935, $825,284,114; calendar year 1937, $1,110,192,151. I should like to point out particularly the increase in the exports to the United States. In the calendar year 1935 the exports were $358,569,736. They increased in 1937 to $470,181,046. I could go right down through the list of countries with which this government has arranged trade treaties and point to a marked and continuing improvement in exports from Canada to those countries. It may be and indeed it has been said on occasion that the trade with the United States would have occurred whether or not there had been a reciprocity agreement. That suggestion has been controverted time and time again in this house, but I think it may be useful at this time to indicate exactly the manner in which our trade with the United States has increased.

I deal with domestic exports from Canada to the United States for the twelve months ending December 31, 1935, 1936 and 1937, and I shall take, first, items subject to reduction in rate of duty:

1935	$35,723,003
1936	59,281,878
1937	64,582,861

In other words, there has been a steady expansion, an increase of 80 per cent in 1937 as compared with 1935. The next is items bound by a low rate:

1935	$3,482,351
1936	4,751,407
1937	2,744,964

Next I take items bound to free entry:

1935	$129,813,279
1936	152,775,607
1937	189,350,813

Mr. BENNETT: The minister is of course aware of the fact that the president could not make any item that was on the free list dutiable. Therefore, so far as free entries are concerned, they must have continued.

Mr. DUNNING: Congress could have changed it.

Mr. ROGERS: The Minister of Finance has given the answer to the question. Congress could have changed it. At all events, what I am giving the leader of the opposition and the committee is the actual effect on trade between the United States and Canada flowing from the reciprocity agreement concluded by this administration.

Mr. HEAPS: May I ask a question?

Mr. ROGERS: May I be allowed to continue? I shall be under questioning before the committee, I know, and I am fully prepared for it.

Mr. HEAPS: But we did not expect this part to come in.

Mr. ROGERS: Perhaps I surprised my hon. friend in that respect. The totals of the figures I have given are:

1935	$169,018,633
1936	216,808,892
1937	256,678,638

I suggest to the committee that these figures carry the implication—

Mr. EDWARDS: Will the minister give the imports of manufactured goods from the United States?

Mr. ROGERS: I do not have them for the same period, but I am sure my hon. friend can secure them from the bureau of statistics. I may be able to get them myself for the hon. gentleman.

Mr. EDWARDS: It is one-way trade.

Mr. ROGERS: As a matter of fact, I would not be disturbed by increasing imports from the United States. I want to see what those imports are, and if my hon. friend will examine them item by item I suggest he will find that the increase in imports was due in very large measure to raw materials, goods that were used by our manufacturers. At any rate I make that prediction, and I say that they will form a substantial item in the imports from the United States. So much for the increase in trade which has taken place as a result of the trade policies pursued by this administration. No one can read these figures without realizing that this increase in trade has meant increased employment. It could not mean anything else.

Mr. MacNICOL: In the United States.

Mr. ROGERS: No; in this country. Not only that, but when we examine the improvement in employment conditions in Canada during the past year and a half we find that it has taken place mainly in those industries which received a new stimulus from the trade agreement with the United States. But the government has not by any means been content to let the matter rest there. We have gone from one country to another expressing our willingness to trade with them and we have entered into agreements that have laid a basis, we believe, for continuing expansion of our export trade. I am not suggesting that this trade will not be subject to fluctuations which may follow changes in international conditions; far from it. But I do say that with respect to its trade policies the government has made and is making a definite and practical contribution to the relief of unemployment in Canada and in the only way in the long run which is likely to mean the absorption of unemployed in independent and useful occupations.

I turn to another direction in which the government has stimulated industrial activity in Canada. I referred this afternoon to what had been done during the past two years under agreements with the provinces looking to the encouragement of the tourist trade. In cooperation with the provinces we have built sections of the trans-Canada highway and have built new and accessible roads to national parks, and now I propose to refer to the stimulus that has been given to the great mining industry by the policies adopted by this administration.

It may be remembered that two years ago it was felt desirable that in order to bring new mines into operation, particularly those mines which were far removed or considerably removed from railway communication, special assistance should be given through the building of roads. That policy was initiated by this government under the direction of the Minister of Mines and Resources (Mr. Crerar). In 1936-37 the dominion made a contribution of $1,272,000 for this purpose and the province contributed $610,000, making a total of something under two million dollars for the improvement and building of mining roads. In 1937-38 the dominion contributed $1,300,000 and the provinces $600,000, again making a contribution of just under two million dollars. The employment created by the expenditure of these sums represents, for 1936-37, man days of work, 353,000, and at least fifty per cent of those working on these projects were taken from relief rolls; and in 1937-38, 332,000 man days, at least fifty per cent being again taken from relief rolls.

It is not possible of course to indicate precisely the effect that these roads have had on increasing mining production. But this at least is true. The roads were carefully selected and built into proved mining areas, and this made it possible for prospectors and mining companies to bring in machinery and, in certain instances, to establish mills which otherwise would not have been set up. In the last three years there has been a remarkable increase in the gold production or mineral production of the country. These are the figures:

1935	$312,000,000
1936	362,000,000
1937	456,000,000

That surely represents again a marked contribution to the relief of the unemployment situation. In that connection I should like to make it clear to the committee that the government assisted the mining industry in more ways than through the construction of roads. It may be recalled that in what I think was the first budget of this administration, additional encouragement was given to

new mines coming into production. An amendment to the Income War Tax Act provided that all new metalliferous mines coming into production between the first day of May, 1936, and the first day of January, 1940, would be exempt from income tax for a period of three years. Here, too, there can be no question at all that this policy has been of substantial assistance in enabling many small mines to get properly on their feet and go into production. These mines have swelled the total production to which I referred a moment ago.

May I also refer to what has been done, partly for the relief of those in need and partly for the stimulation of a great industry, by another department of the government. I refer to the Department of Fisheries. The fishing population in certain provinces has passed through very difficult times; yet despite conditions of poverty with which many members of this committee must be familiar these fishing families in Quebec and the maritime provinces were most reluctant to go on direct relief. They have, in many instances, a very low standard of living. Anyone who is familiar with the work they carry on cannot but feel that no class of people in this country is more deserving of our consideration than these fishermen. This government took special measures to deal with the needs of our fishing population. Out of the appropriation of the Department of Fisheries for the fiscal year 1936-37, some $200,000 was spent, in cooperation with the provinces concerned, in order to aid in the reestablishment of needy fishermen in Nova Scotia, New Brunswick, Prince Edward Island and Quebec. From the joint fund provided by the dominion and the respective provinces 6,649 loans to fishermen and 22 loans to fishermen's associations were made in the maritime provinces, while in Quebec some 8,930 fishermen received grants. During the last fiscal year, under another appropriation, the sum of $400,000 was used for the same purposes.

Mr. MacNEIL: Was any of this money expended in behalf of the fishermen in British Columbia?

Mr. ROGERS: I understand that British Columbia did not accept the scheme. Presumably it was not accepted because in the view of the British Columbia government the provisions of assistance as offered did not seem to have the same appeal there. In addition, the Department of Fisheries, through stimulus to marketing, has helped improve the condition of the fishing industry. Under those policies there has been a steady and substantial increase in the value of the exports of fish. I shall give just a few rough figures of the value of exports:

	1935	1936	1937
Fresh and frozen halibut..	$231,000	$418,000	$454,000
Fresh and frozen salmon..	466,000	707,000	548,000
Whale oil.	98,000	127,000	148,000

In these several references to the expansion of trade and of industrial activity in certain directions under the policies of this administration I have indicated a substantial enlargement of opportunity for employment. I now propose to give the committee—and with this I shall conclude—a statement, based upon registration, of the unemployment condition in Canada at the present time. I give first, the figures for January, from the registration branch, the registration which was set up by the national employment commission, but which will be continued now in connection with the Department of Labour.

Mr. BENNETT: Are those figures based on the original computations made by the commission, or is a fresh census taken of the unemployed on each occasion?

Mr. ROGERS: The answer to that is this: The first general registration made by the national employment commission was in September, 1936. The forms, which required a great deal of careful preparation, were then determined upon, and from that time forward the various provinces and municipalities have maintained a continuous correction of the figures from month to month. Each month the registration branch receives these reports from the provinces and municipalities. There is of necessity, as I pointed out some time ago, a time lag in the receipt of the information at Ottawa.

Mr. BENNETT: And it cannot be complete.

Mr. ROGERS: I think it can be as complete as any figures that could be obtained.

Mr. BENNETT: Except census figures.

Mr. ROGERS: Except census figures; but there again the trouble with census figures, as the leader of the opposition is aware, is that because of the magnitude of the task you do not get the figures until much later, and then they do not represent an existing situation. It may be remembered that last year the United States set apart an amount of something like $5,000,000, or possibly more, for a census of the unemployed. The census was taken through the post office, and when it was completed the head of the census, who was a prominent industrialist in the United

States, acknowledged that he could not say definitely whether the unemployed numbered 7,500,000 or 10,000,000. There was that much uncertainty. The figures, moreover, were not available until some months later, and it just happened that those were months when there was a marked increase in unemployment in the United States, which was known to everybody. I think the method of registration which we have in operation at the present time is as effective as could be devised under the circumstances. Certainly it enables us, within what I acknowledge is some margin of error, to determine the fluctuations in the actual conditions.

To return to my original statement, in January, 1938, fully employable persons on aid numbered 161,000. In relation to our population that figure is far less than the United States figure, and I believe I am correct in saying that it is proportionately less than the figure of unemployed in Great Britain, despite the great industrial activity now existing in that country.

Mr. HEAPS: Are these the numbers of unemployed receiving relief?

Mr. ROGERS: Yes; I am now dealing with the unemployed on relief.

Mr. HEAPS: That does not give a picture of the unemployment situation.

Mr. ROGERS: It gives a picture of the unemployment situation in so far as it is a relief problem at the present time.

Mr. WOODSWORTH: But the figure given by the minister is not comparable with the figure for Great Britain.

Mr. ROGERS: Otherwise what we would have—and I have referred to them from time to time—would be the estimates made by the bureau of statistics. Those estimates are based, in part, upon returns from the trade unions; in part, upon the annual increase in population, and in part, upon the figures which come in with respect to relief. They are estimates and no more.

Mr. HEAPS: The minister just tried to compare the figure he gave with the figures for Great Britain. Those figures cannot be compared.

Mr. ROGERS: I believe my hon. friend is correct in that, and I acknowledge it fully. What I am giving now is the number of the fully employable on relief. The total number of persons on aid, other than agricultural aid, including employable, unemployable and non-worker dependents, or, in other words, including children up to the age of sixteen, and wives, was 604,000, in January, 1938, according to unrevised figures. Farm population on agricultural aid shows a figure of 410,000. That is a significant figure, and one to which I shall refer in a moment. It is a reflection of the vast drought conditions in Saskatchewan. Then, there is a comparision of January, 1938, with January 1937, and December 1937. I should like to place those figures on Hansard, because at this time I think it is of the utmost importance that we should know what the situation is, as reflected by registration figures.

For January, 1938, fully employable persons showed a decrease of thirty-seven per cent from January, 1937. From December, 1937, the number of fully employable persons showed an increase of about seven per cent. All persons on non-agricultural aid in January, 1938, showed a decrease of thirty per cent from January, 1937. From December, 1937, to January, 1938, there was an increase of seven per cent in non-agricultural aid. Agricultural aid in January, 1938, showed an increase of 103 per cent over January, 1937. Of the January, 1938, total on agricultural aid, approximately eighty-nine per cent were located in Saskatchewan. Those are general figures, covering the entire dominion.

It seemed to me there might be some advantage in breaking down those figures of the unemployed on relief in the various geographical and industrial areas of the country. I believe I shall be able to convince the committee of the significance of such a break-down. It lies in the fact that we have conditions operating in British Columbia different from those in the maritime provinces, and conditions in the prairie provinces during the last seven years have been entirely different from those obtaining, let us say, in the great industrial provinces of central Canada.

I have had this statement prepared in order to show the changes which have taken place in these different areas from January, 1936, to January, 1937, and again from January, 1937, to January, 1938. I have divided Canada into four economic zones, namely the maritime provinces, central Canada, the prairie provinces and British Columbia, and I suggest there are sound reasons for so dividing them. The total numbers of all domestic classifications of persons on aid in January, 1938, compared with January 1936, showed reductions in three zones. There was a reduction of thirty-two per cent, or about a third, in British Columbia; 49·7 per cent in the central provinces, and 83·6 per cent

in the maritime provinces. Only the prairie provinces showed an increase, and one to the extent of 49·7 per cent.

Material aid—that is, aid exclusive of agricultural aid—showed reductions in all areas, with the exception of the prairie provinces. The dominion reduction was 38·7 per cent. That in British Columbia was 29·7 per cent; in central Canada it was 45·1 per cent, and in the maritime provinces, 78·4 per cent. Agricultural aid showed a net increase for the dominion, from January, 1936, to January, 1938, of twenty-nine per cent. This was wholly accounted for by farm distress in Saskatchewan. The net increase in the prairie provinces over the two years was 83·8 per cent; but the three remaining areas showed reductions in agricultural aid of 44·9 per cent in British Columbia, 88·1 per cent in central Canada and 97·1 per cent in the maritime provinces.

With respect to these different areas, it is quite clear that particularly in the maritime provinces there has been what might be termed a virtual return to normal economic conditions. We have here a reduction, since this government took office, amounting to over eighty per cent of the relief problem, and it may be recalled that in the speech from the throne delivered in Nova Scotia this year, the explicit statement was made that there had been a reduction from 75,000 on relief in Nova Scotia in 1933 to 6,500 at the present time. Surely that is a remarkable improvement.

In New Brunswick direct relief is no longer being given. That province, however, is giving assistance to unemployed in need through what might be termed a works-test program, to which the dominion government has given a contribution.

The problem has been reduced by one-third in British Columbia during the period I have indicated. In the last two years the problem in the central provinces has been almost cut in half. In the prairie provinces, of course, there has been this unfortunate increase in the numbers receiving agricultural aid. And may I say this, while referring to conditions in the prairie provinces, that of course the increase in those receiving relief has been mainly due to the prolonged drought. The problem in the western provinces has never been susceptible to general economic influences, in the sense in which it has in the other provinces. I believe it is important that we recognize that fact.

As I said this afternoon—and it is acknowledged by everyone—there is every reason why we should seek the truth in these matters; but we should be sure it is the truth, and we should not speak of an unemployment problem as one including those suffering from continued drought conditions. We should not feel that we are not making progress with respect to employment simply because there is a continuance of those receiving agricultural relief in the drought areas.

Mr. WOODSWORTH: I hope the minister does not intend to convey that there is no unemployment relief in the western provinces.

Mr. ROGERS: No; I am coming to that.

Mr. BENNETT: It is a relief problem, not an employment problem.

Mr. BARBER: Is it not true that large numbers have left the dried out area in the last few years and moved to other parts?

Mr. ROGERS: Quite a number have—some to British Columbia and some to the other provinces. One must hope that with improved conditions, or even with the prospect of improved conditions, there may be a return movement of those people to the farms which have been abandoned.

The point I was trying to convey to the committee was that in the western provinces the problem is one of relief, as the leader of the opposition has said; it is not an unemployment problem. When one comes to the cities of western Canada—and I think I understand to some degree their plight; for I have been in most of them, and from day to day I am brought into active contact with conditions prevailing there—one concludes that the employment in those cities is, to a large degree, a reflection of the persistent drought.

Mr. DUNNING: Absolutely.

Mr. BENNETT: Not wholly.

Mr. ROGERS: There is comparatively little manufacturing in western Canada—again I have the figures here, but I shall not weary the committee by giving them now. I have, however, figures which show that in those western provinces the bulk of unemployment in the cities exists in what might be called service trades, distributing trades or retail trades. Of course, where there is manufacturing, we have unemployment. But my point is that in western Canada we have had conditions—and they existed also during the time of the late administration—where improvement depended upon climatic factors, upon nature, if you like, and—

Mr. DUNNING: Rain.

Mr. ROGERS: —rain, yes, as the Minister of Finance has said. These are conditions which we must meet as a national emergency, and upon the basis of giving subsistence and further aid where they may be wisely given; this government has met this emergency upon that basis. I am not going into that aspect of it because the Minister of Agriculture has dealt with it already in one connection and will do so again. But we have met that situation and we have provided the drought areas of the west with subsistence. We have also given assistance toward the planting of the new crop which, given sufficient rain, is the one thing that will restore normal conditions in these western provinces.

Let me say further that the persistence of these abnormal conditions in western Canada and the withdrawal of ten of thousands—I am putting it conservatively—of our people from the production of income have had a natural reflection upon industrial activity in other parts of the country. When we consider the figures to which I referred a moment ago in the light of the fact that the great wheat producing area of the dominion has been largely out of production for seven years, I think we have reason for confidence and not for pessimism. We must all trust that the west will once more return to production. When that happens, there will be a quick reflection of these conditions upon such unemployment as does exist in western cities and upon employment conditions in central Canada.

It is well that these great industrial provinces should remember that although they are now required to assist the west, in earlier years they were aided in their development by the growth of the western market. It is very easy to forget that in these days, it is very easy for people to say that the east is supporting the west, but the west with its great primary industries has helped the east materially. I know of factories in the maritime provinces—and the same is true throughout Ontario and Quebec—that have been established or expanded upon the basis of that great western market. The east is as much interested in the revival of western Canada as is western Canada itself. Instead of each asking what the other is doing for it, it would be infinitely better for this country to realize that its different sections, no matter what their industrial occupations may be, are bound together by an economic connection, and that what benefits one, in the long run tends to benefit another. Our policies in relation to relief and unemployment must be policies motivated by a desire to preserve and restore national unity. It has been said on all sides of this chamber that this is the great problem confronting us at the present time; I have no desire to add greatly to what has been said on this matter. There is good ground for confidence in the existing situation in Canada, and if we are able to avoid sectional differences and cleavages there is no reason why this country cannot meet every problem with which it may be confronted.

In relation to this unemployment question I confess that sometimes it has seemed to be the labour of Sisyphus. If I may change my figure of speech, there have been times when we seemed to be ever climbing up a climbing wave. At that period I tried to be as frank as I have been to-day in presenting the actual truth of the situation. However, when we survey the record of substantial advancement during the past two years, we should accept it as ground for encouragement for the future. I believe we have made some mistakes and miscalculations, but on the whole I think we can look back upon what has been done in the past two years as a substantial contribution to the alleviation of our unemployment situation.

I do not think for a moment that any Minister of Labour, whoever he might be, could be satisfied with conditions as they exist to-day. He could not be satisfied in the light of the unemployment that still exists. But I believe we have pursued a sound policy and I think we may claim credit for having avoided some unsound policies. Upon the basis of what we have done, upon the basis of what we are still ready to do, I believe we may still ask for and receive the full confidence of the people of this country.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Chairman, I think the committee will appreciate the careful and comprehensive review of the activities of his department which has been given us by the minister. I note that in the resolution before us we have included the alleviation of both unemployment and agricultural distress. It seems to me to be unfortunate that these two matters should have been included in the same motion. For the greater part of his time the minister dealt almost entirely with relief questions, but toward the end he gave us the impression that the relief which was

necessary was caused largely by natural conditions on the prairies. The minister recognized in the earlier part of his speech that economic security was the most important question before the people of Canada. That is true; yet the Department of Labour, which deals with a great variety of questions relating to economic security is a minor spending department.

Until the latter part of his speech, the minister spent nearly all of his time in dealing with the problems of relief. He did not go into the question of the causes of unemployment. When he attempted to say anything about remedies for unemployment, he fell back very largely—if I can remember all of his three-hour speech—on the tourist trade and matters of tariff.

I believe the minister was right when he referred to the improvement that had taken place by getting rid of the relief camps as they were being conducted. But we still have the problem of the single homeless man. A number of these men have been taken care of under the farm placement scheme, but after all this has been rather a cheap way of boarding out these men. A great number of these single homeless men can be regarded as casualties of our industrial system. Instead of having our industrial system care for them, if necessary out of its reserves as has been suggested in the textile commission report recently tabled, we are throwing them out on their own or asking that they be taken care of in the agricultural districts. I do not think that is the way to handle a great problem of that kind.

Again, it is true that the department has made some progress with its home improvement plan, but I suggest that it has not been on a sufficiently large scale either to take care of the mechanics who have been displaced by the depression or to provide the necessary housing accommodation for our people.

The minister has told us that the government has adopted a broad coordinated program, but notwithstanding his lengthy speech I must say that he has not divulged to us very clearly the nature and terms of such a program. I really could not discover that he has told us just how the government proposes to solve this great problem. I do not want to be unkind, for I respect the minister very highly, but it seems to me that he spent a considerable part of his time in trying to tell us why we could not do anything. He raised the old constitutional objections as a reason why it was quite impossible to adopt the main recommendations of the commission.

The commission was appointed, we all remember, nearly two years ago. It was to help solve a pressing problem. Two years have gone by. There has been extreme distress in many parts of this country, and the distress is not confined to western Canada. I happened to be in New Brunswick only last week, and although they have withdrawn relief I find that the unemployed people in Saint John are complaining bitterly about the scheme that has been adopted, to which we have just been told this government is giving some assistance. According to the reports I heard, the scheme is far from satisfactory. So, although I am a westerner, I do not want the committee to get the impression that unemployment is confined to the west, because those of us who are closely connected in any way with the labour movement have it impressed upon us almost every day through our correspondence that there is still a vast amount of unemployment throughout the country.

In the two years that have elapsed since the commission's appointment there has undoubtedly been a certain recovery; but the commission has been so long in reporting that already, even before the commission's report was laid before us, we are apparently heading into another depression. The work of the commission has dragged along until it has got past the time when it could have most favourably reported, and we are already facing, as the leader of the opposition warned us the other day, a new depression. Worse than all, even according to the minister's own statement, the government cannot implement the recommendations of the commission until we have before us the findings of the royal commission on dominion-provincial relations.

Really this appointment of commissions seems to be an excellent way of getting nothing done. The government appointed the national employment commission two years ago and asked them to advise us what to do on this problem of unemployment. They go on for two years, and before the end of the two years another commission is appointed—the commission on dominion-provincial relations. Then, when the national employment commission reports, it tells us that we shall have to await the findings of this new commission! The minister himself says he cannot accept the findings of the national employment commission until he has before him the findings of the second commission, and I suppose it will be another year or more before that commission reports.

Mr. BENNETT: The textile commission, too.

Mr. WOODSWORTH: That was over two years ago. I am referring now, not to the textile commission, but rather to the royal commission on dominion-provincial relations. According to the minister, we cannot have the recommendations of the national employment commission implemented until the other commission reports.

I should like to raise what may seem like a very small matter, but it is extremely difficult for us to follow easily this rather complicated final report of the commission partly because, among other things, of the extremely involved sentences. I tried to go over the report over the weekend and I found considerable difficulty. Take this sentence, for example. I am inclined to think that two letters have been transposed and that for "on" before "statutory," we should read "no" in paragraph (b) on page 28. It reads:

(b) the qualifications for unemployment insurance (which involves a statutory right for the recipient), or for unemployment aid (which involves an exgratia allowance based on need carrying on statutory right for the recipient because no contribution has been made), can be made clear and precise, susceptible of proof and capable of being determined by a dominion employment service: stated briefly, they would be—having been self-supporting; having been employed; and/or being now capable of employment though unemployed.

I shall have to take a breath after that. Or take this sentence on page 30:

In the latter case the burden of providing for unemployment need in the case of those not covered by the insurance fund or for those who have exhausted their benefits, thus placed upon the provinces and/or municipalities, will only add to the popular agitation for extended insurance benefits the interested pressures of these provincial and municipal governments.

It is not the minister who is to blame for this, but I would suggest that someone be set aside by the government to step down these phrases into terms that could be comprehended by all of us.

Mr. MacINNIS: Get another royal commission to do it.

Mr. WOODSWORTH: Again, I think there are some rather artificial and arbitrary distinctions drawn in the report. For instance, aid; assistance; relief; voluntary aid—one needs to get the meaning of these terms very clearly into one's head if he is to understand the pages and pages of discussion that follow. Or, take the distinction which the minister himself emphasized between an apprenticeship and a learnership. I think the minister had hard work to explain to us the constitutional difference that sets the two so far apart. I am inclined to think there was a constitutional difficulty first; then a question of policy, and that these words were almost invented in order that the government might approve assistance to "learnership" although it would not approve assistance to "apprenticeship."

The main recommendation, I take it, of the commission was that the dominion government should become responsible for at least a part of the program for dealing with unemployment. That is why some of our more reactionary newspapers are condemning the report of the commission; and perhaps their opposition is one reason for my thinking there is something good in the report of the commission. The minister says he agrees in principle, and I suppose he speaks for the government, but I should like to know what it means to agree in principle and yet not be prepared to implement the recommendations or to do anything except, as he says, give them very careful consideration.

Mr. MacNICOL: It does not mean a thing.

Mr. WOODSWORTH: I agree with the hon. member for Davenport that "It does not mean a thing." I wish the minister could take time during this discussion to tell us just what he considers it means when the government says it "agrees in principle" with this recommendation that places a certain definite responsibility upon the dominion government. I know it is stated that there is a certain functional responsibility. Again, that is a purely arbitrary arrangement. In any case, if we cannot carry out that functional responsibility because of the British North America Act; if the dominion government will not take any definite steps to see that the dominion has the power to alter it, and if the government refers the matter to the provinces under such conditions that it is practically impossible that all the provinces will agree to its endorsation, then what does it all mean?

We are back where we were two years ago, before the commission was appointed. It seems to me ridiculous that, with the distress there has been for some years in Canada, and with the fuss about the appointment of a royal commission, and the very heavy expenditures involved in the appointment of that commission, when the report comes in, almost all that is vital in it should be agreed to "in principle," but the committee should be told that really the government cannot do anything about it. It is just a case of "as you were."

The commission recommends that there should be certain changes in administration. The commission had no administrative functions; it was purely advisory. On page 43 it

is suggested that we should have a small administrative committee to be entrusted with the practical application of national employment commission recommendations as approved by the dominion government. Apparently that recommendation is not to be accepted. We are to have a national system of unemployment insurance. Of course that cannot be accepted. Then we are to have an interdepartmental committee of officials, and apparently the minister considers that nothing more is necessary than that which we already possess. Under those circumstances it was high time, I think, for the commission to fold up. It was rather an inglorious ending. The minister was quite laudatory as to the great services which the commission had rendered to the department; yet in the earlier part of his speech he appeared to suggest that before the commission got under way the government had done almost everything that had been done. I do not know whether that is correct or not; but for the life of me I cannot see, from what the minister has given us to-day, what advancement is to come because of this report. There are, of course, certain small ameliorative projects. For example, we are to have training of girls for domestic service. That is fine. I do not quite know why it is that the dominion government should enter into that field—a domestic field if anything is a domestic field—but that is to be done. Again, we have the training of young people to a certain extent. They must not be apprentices, but they may receive some general training, especially along recreational lines.

Mr. ROGERS: Is my hon. friend opposed to that?

Mr. WOODSWORTH: No. I think that is excellent. But I suggest that there is no valid reason why the dominion government should enter into spheres of recreation and general training when it refuses to give grants for carrying on either apprenticeship or technical work.

Mr. ROGERS: If I might just correct my hon. friend, I do not think he is stating the matter quite as I put it this afternoon. Under the agreements we can assist in giving occupational training. We are doing so in a number of provinces. My point was that I did not think it was wise that the dominion government should enact legislation dealing with apprenticeship. That was the point.

Mr. WOODSWORTH: Quite so. Well, I am not particular whether the dominion government enacts that legislation or not, but what I do suggest is that if it is possible through a cooperative effort to provide recreational centres in the provinces, it is surely possible through another cooperative effort to provide technical training for other young people in the provinces—

Mr. ROGERS: We are doing it.

Mr. WOODSWORTH: —and to do it on a larger scale. But we are constantly up against this: It seems to me—and I do not want to be unfair—that when the government does not want to do a thing, immediately this old constitutional question is trotted out.

I protest decidedly against the delay involved in the government doing precious little, awaiting the report of a commission. Take the case of the textile commission to which the leader of the opposition referred. It was appointed nearly two and a half years ago. Why? Because nearly a thousand men were thrown out of work in Sherbrooke; because the town council of Sherbrooke had called an emergency meeting to consider the situation. We have to wait for two years and a half before we are told that there was no need whatever of a lay-off at that time. And we did not get that information until last week.

Mr. BENNETT: And it cost $174,000.

Mr. WOODSWORTH: It cost $174,000, and we did not get it for two and a half years. That is an absurd way of doing public business. When, as in this case, a commission reports and we are told that we cannot implement its report until yet another commission reports, it is a still more absurd way of doing business. In the meantime the people suffer. The hungry sheep look up and are not fed. That is the trouble. I came across in my old files only a few days ago a plea from certain miners of Cape Breton, nearly two thousand of them, who at that time were out of work; a miner wrote in to me:

> The stomachs of the men, women and children demand prompt action, and I thought the government might help.

Deluded man! He "thought the government might help." Oh, no. We must appoint a royal commission, and a second royal commission, and then seek some great changes in the constitution. "I thought the government might help." I would say, "deluded people," generally, and I am not putting it in an exaggerated form when I suggest that if we do not improve our ways democracy itself will show itself bankrupt. I am not one who wants a dictatorship, of either communism or fascism, but I say that they have come in different countries because democracy has

not been tried or has failed, and unless we can deal in a much more practical way than we are doing with the pressing problems that face us in Canada, democracy is bound to fail in this country as it has failed in some others.

I wish to point out some of the actual situations that prevail. I shall cite first the conditions in my own city of Winnipeg and the province of Manitoba. It is not very often that in this house I have set forth specifically matters affecting my own city or my own province; I have tried to deal more largely with general questions. But I make no apology for taking up this question, because to-day our city is almost bankrupt. They are wondering whether or not they can draw on their sinking funds in order to give relief to the people and keep the schools open. The banks tell them that they are not to draw on their sinking funds, and I suppose, from the standpoint of sound finance, that is quite proper. They are trying to cut down on their school expenditures, and the school board says they must not do that because surely the children should not be made to carry the load. They are trying to cut down on their ordinary services all along the line; they are right up against it; that is shown clearly in the newspapers of the last few days. Now, as I have listened for three hours to the Minister of Labour as he has been expounding this report which it has taken nearly two years to prepare, I have been wondering what help there is for my city of Winnipeg and for the large numbers of people who are there unemployed. Let me read a passage or two from the Bank of Canada report. I think it is worth while doing this. I quote:

> But when the province suffered from six consecutive years in which the net value of its production was little more than half of that of the preceding period, discouragement and strain throughout the province were inevitable.

And again:

> The initial proposal was for a one per cent income tax and a sales tax, but the sales tax proposal was dropped and the income tax raised to two per cent, making it the heaviest income tax in North America in relation to small incomes.
>
> On the side of expenditure, further cuts were made in highway maintenance, education, and other items, reducing total ordinary expenditures for the year 1933-34, in spite of another increase in debt charges.. Capital expenditures ceased entirely.

Again, at page 22:

> We believe that during most of the period under review, and specifically during the last five years, the government of the province of Manitoba has made strong and commendable efforts to keep its budget balanced, and avoid unnecessary increases in debt, by imposing taxation on a scale at least as high as that of any other province in Canada, and by restricting expenditures as far as it was possible to go without curtailing services to an extent which would not have been in the public interest.

What more can we do in that province? Again:

> Notwithstanding this advantage and the efforts of its government, which, as we have indicated, have been very considerable, the province is either not in a position to carry on, or is able to do so with assurance for no more than a short period, unless some unexpected favourable factor should appear.

I ask the minister, What does he propose to do in that contingency? Here is the Bank of Canada making its report in which it says that the province is not in a position to carry on, or is able to do so with assurance for no more than a short period unless some unexpected favourable factor should appear.

Mr. ROGERS: Was that report prepared before or after the crop season of last year?

Mr. WOODSWORTH: Before. The Bank of Canada's report for the provinces of Manitoba and Saskatchewan was made public on February 15, 1937; March 15, 1937; and April 7, 1937, respectively.

Mr. ROGERS: There has been some improvement since then.

Mr. WOODSWORTH: Yes; but one crop does not alter the situation any more than one swallow makes a summer. Let me give two other quotations, and I do so because I do not believe the members from the eastern and central provinces realize yet the situation in the drought area or the condition of the people in the industrial centres of the west. I quote from page 16:

> Some 84 per cent of all direct relief expenditures in the province have had to be made in Winnipeg and suburbs; including relief works expenditures the proportion is 74 per cent. Although Winnipeg's net debt was relatively low, the major portion of the provincial tax revenues were derived from the city, and there was little margin for increasing municipal revenues. Consequently, greater Winnipeg was early forced to rely on the province for assistance in meeting its share of relief costs, and by the end of the fiscal year 1936 had borrowed $3,500,000, or 95 per cent of total municipal borrowings from the province, excluding the drought area.

One other quotation:

> Of the $24,000,000 spent or loaned for relief purposes by the province, the dominion will have advanced $19,000,000 and will have paid an additional $20,000,000 for its own share, making with the municipalities' $9,000,000 a grand total of $53,000,000 relief expenditures by all agencies.

When we have figures like these it is high time that we gave a little more attention not only to relief on a much greater scale than has hitherto been contemplated but also to the question behind relief, of how we can provide against unemployment.

I wish to deal with one or two points with reference to the constitutional question, and I turn to Manitoba's case as presented recently to the Rowell commission. I propose to quote from page 41. May I say that we cannot wait until the Rowell commission reports before we deal with these problems. I am taking the case as submitted to that commission because it contains figures which I assume will be accepted by the government. Under the heading "Amendment of the Constitution," there appears the following:

> It may be said from the above that the original conception and the present position of the constitution of Canada are poles apart. It has been interpreted in a way which it can safely be said would have caused consternation in the minds of those who framed it.
>
> It will be apparent from the decided cases in such matters of the gravest national importance as unemployment insurance, weekly rest, minimum wages, hours of labour and other great social services, that we in Canada are practically at an impasse. The dominion, according to the decisions referred to above, has not the power to pass legislation in relation to such matters. The provinces alone have the power to pass such legislation, but they cannot in practice deal with such matters satisfactorily, as from their nature only national action in regard thereto can really be effective. In addition, to repeat what has already been emphasized, the provinces have not at present the powers of taxation necessary to meet the outlay for said matters and matters of similar import.

Let me quote one short paragraph further down:

> Hence one is led to the irresistible conclusion that our constitution as it stands at present has ceased to be an effective instrument of government. It should be amended so that the defects which have been pointed out can be removed, and so that it will meet the needs of to-day and will cease to be an obstacle to social progress and national development.

The minister has referred to constitutional difficulties, and I simply give this extract from the case as presented to the commission to show its practical bearings. But what does the minister propose to do? In theory he is very much opposed to grants in aid, and possibly that is correct from the purely theoretical standpoint. But what are we going to do in circumstances such as these? Are we going to wait another two years until the Rowell commission reports, when the city is on the verge of bankruptcy, and the people, if the city cannot give relief, will be faced with actual starvation? Is there nothing that can be done about the matter? I do not think we can simply allow the government to give us general and vague phrases and go on for one year more.

Last year the situation was bad enough. Everything reported by the Bank of Canada existed then, but the government had to hurry over to the coronation and participate in the ceremonies there; that was infinitely more important than caring for the people here! Therefore nothing was done last year; and now when this year we ask for some action, we are told that we must wait until some other commission reports or until all the provinces are agreed to constitutional changes. If some of the provinces are satisfied with the existing situation, very well; but some of us have to take action and to do so in the not too distant future. I have always done my best to frown upon anything like the advocacy of secession, but I say that people are being driven to despair by the situation that prevails. Secession would be a political move to try to solve an economic difficulty, and I do not think it would be successful in itself. But I urge that something must be done if we are to have that unity which the minister has pleaded for to-night. That unity must mean that the sections of the community which are in difficulties can have their difficulties met promptly and adequately.

I should like to give just one quotation from another section of this brief, dealing with federal monetary policy. I am afraid, however, that in making my notes this particular passage was not brought down to my desk. I am sorry; I should like to have quoted it. It appears on page 1 of part 3. Perhaps some other time I shall take occasion to read this quotation. Undoubtedly that monetary policy has borne very heavily upon the people of the west. They had to sell abroad, and the exchange relationship that existed worked a very great hardship on the western people. Further than that, one should remember the tariff policy, into which I shall not enter at this time; and still further than that, the difficult position of the school districts, even in Manitoba. To-day we heard a plea for the school districts of Saskatchewan and Alberta, but there are large numbers of rural schools in Manitoba in a serious predicament. Are we going to allow the education of our children in this country to be subordinated to other and lesser considerations?

What is the government prepared to do? Under the restrictions imposed by their charters and by the British North America Act the municipalities and some of the provinces are

unable to provide for the unemployed. In the circumstances what are we going to do? That is the question I should like to ask the government. Let me repeat that my own city at the moment is almost on the verge of bankruptcy. It is in a very difficult position. It does not know which way to turn. The province is in a difficult situation. It does not know which way to turn. What is to be done to meet the situation?

Mr. DUPUIS: Has the hon. member a suggestion to make to the committee?

Mr. WOODSWORTH: If the minister has no suggestion in all the time he has considered the problem, I do not think the hon. member can expect me to make one at the moment.

Mr. ROGERS: Will my hon. friend permit me to offer just a brief observation? The dominion government has not been at any time indifferent to the position of Manitoba or any other western province. I think if the hon. gentleman looks back over the record, he will acknowledge that. He has referred particularly to the city of Winhipeg. I am aware that the city of Winnipeg has been in a difficult position. Equally, other municipalities have been in a difficult position; but, as I have had occasion to point out before, there are two ways of meeting the situation. One is for the municipality to receive powers of taxation other than levies upon real estate. I believe an attempt was made in the case of Winnipeg to secure from the provincial legislature additional powers of taxation, but that attempt was only partly successful. I am quite sure that when my hon. friend speaks of the municipality being bankrupt, he does not mean that the people of that municipality are in a bankrupt condition; for the problem rests in part upon the relation between provincial and municipal finance. I do not suggest that as the whole story; but I think if he is putting a position before us, he should not forget that the city of Winnipeg did make certain proposals to the provincial legislature, and that those were only partly met.

Mr. WOODSWORTH: I am not very much impressed by what the minister has said. I do not say that everybody in Winnipeg is bankrupt, but I do say that from the statement made by the Bank of Canada the minister can understand that we are in a pretty bad way in that city. Already we have taxed ourselves to the limit. I cannot see how most people can do anything further. I referred previously to the real estate tax, which has been terrifically heavy, so that many houses have had to be torn down because the owners could not afford to maintain them.

Mr. BENNETT: And they told the legislature they could not carry on.

Mr. WOODSWORTH: Yes. You reach a certain point and you cannot go any further. What is to be done? And what are the unemployed to do? Are they to be allowed to starve?

Mr. ROGERS: There has never been any suggestion of that.

Mr. WOODSWORTH: There is no suggestion of it; but if you read the Winnipeg papers for the last few days, you will realize the position of that city. There is no suggestion, the minister says; but what is your alternative? We have cut down our services to a point beyond which it is not in the public interest to cut further.

This government cannot escape responsibility for that situation. My colleague suggests that the city increased its relief debt by $10,000,000 in seven years. It is a serious situation. The minister made an eloquent appeal for unity; he pleaded that the eastern part of the country would realize what the west had done in the past. Well, the west is up against it to-day, and about all the minister can say is, "Why don't you tax yourselves a little more heavily?"

Mr. ROGERS: No; my hon. friend is certainly misrepresenting what I said.

Mr. WOODSWORTH: I do not want to do that.

Mr. ROGERS: We have been dealing with the western provinces from the very beginning on the basis of grants in aid, to assist them in dealing with the unemployment situation. Not only that; but in the city of Winnipeg, as my hon. friend is aware, the late administration as well as this government made extraordinary provision in connection with the establishment of a sewage disposal plant. The expenditure there ran very close to $4,000,000, and the dominion government either advanced or loaned the money to the province and municipality. I do want the hon. gentleman to understand that we have not been indifferent to the situation in Winnipeg.

Mr. WOODSWORTH: No; the government may not have been indifferent to it, but I do want—

Mr. ROGERS: Then why not state what has been done?

Mr. WOODSWORTH: What I want the minister to understand is that to-day the situation has become almost impossible, and that nothing he has mentioned this afternoon or this evening as far as I can recall would give us the faintest glimmer of hope that this government is going to assist in that situation. That is what I want to bring out. Further I ask what the unemployed are to do under those circumstances. Are they to starve? Are we to wait until there are riots? That has happened in some cases in the past. Let no one say here that I am advocating riots, but I do urge that sometimes the dominion government has waited until riots occurred before it paid sufficient attention to the situation which existed.

Mr. DUPUIS: That is a nice suggestion to put in the minds of the people.

Mr. WOODSWORTH: Just a moment; a little later I have a suggestion to advance. But, first, what are the minister's suggestions? One is that we should encourage the tourist trade; at least that is the suggestion which the minister takes over from the commission. Further, the commission suggests that we could sell articles to tourists at reduced rates. Well, now, is that to be one of the important parts of the relief program, to bring about the solution of the unemployment problem in this country; to encourage tourists and sell things to them? I suppose if we build enough highways, we could place all the unemployed along them and set them to work selling trinkets to the tourists; probably the trinkets would be made in Japan, but of course they would be made to look like Indian souvenirs. Really, I do ask the minister whether he is serious in telling us that for the solution of these things we have to depend upon the development of the tourist traffic. Are we to be employed largely in selling little things to tourists; are we to become a nation of wayside shopkeepers and hotelkeepers? Is that our ambition for this country? Surely the minister has not made much of a case for the policy of the government in developing the industries of the country, developing its natural resources and putting the Dominion of Canada on a self-reliant basis.

A moment ago an hon. member asked for a suggestion. I offer this, as a bare suggestion: The minister himself has emphasized the advisability of more housing. I think that is quite correct. It serves two purposes: It provides for the needs of the people—and we have need for more housing from coast to coast—further, it is generally conceded that almost immediately a large number of mechanics are employed. There is no one policy which would stimulate general activity more than increased activity in the building trade.

The commission has given some consideration to the low-rent housing scheme. I urge the government to consider it more carefully. The minister was very cautious in his statement; he said some such scheme was being considered. But we want something more than long term "consideration." We have had a commission, and we have heard its advice. Many of us would now like to have action! What the people want is not more commissions, more bureaux, more research; what they want, above all, is work,—work! And the government must give that work.

Some one may say: Why do the people not look out for their own jobs? We grew up in a pioneering country, where it was possible for a man to find a job for himself. But to-day I believe that with the exception of the farming industry about 85 per cent of all people who work for a living are working for somebody else.

Who must provide work? The people who have money say they cannot invest their money in productive enterprises so as to bring in a profit; so they are investing in bonds, if they can, or their money is lying idle. Under these circumstances it seems to me the government will have to step in and provide for the housing of the people, or set up other schemes of a similar kind.

The minister referred to the $15,000,000, the amount which I believe was put into the home improvement plan last year by the government. But that plan touched only the middle-class people; it did not touch the people who most needed homes. It did not provide for the clearance of slums which have existed for twenty-five years in Montreal, in Saint John, in Toronto—in almost all our cities. I would suggest that the government could not do better than place an estimate before the house for something like $100,000,000 for slum clearance, and the provision of low rent housing. Someone laughs! What is wrong with that? If last year we could provide $36,000,000 for national defence and $34,000,000 this year—some of it to be spent on useless armouries—I wonder why we cannot provide $100,000,000 to house our people and to provide work for the unemployed.

When I think of the enormous sums which have been spent in Canada for relief pur-

poses, just thrown away, as it were, I wonder why we could not have some return! Somebody may ask: Where shall we find the money? I think it would be comparatively easy to find the money. Half that amount could be easily obtained through added income tax on incomes in the higher brackets. The minister says: Let the people tax themselves still further. I suggest that we impose a tax which would bear more heavily on those people best able to pay. And if the government do not wish to provide the other $50,000,000 in this way, then I would suggest that they might provide it by issuing new money.

Some hon. MEMBERS: Hear, hear.

Mr. WOODSWORTH: I hear hon. members to my left in the social credit group agreeing with that. This is one instance in which I think new money might be issued to advantage. It would not bring about inflation, so far as I can determine, and so far as I can learn from consultation with people who know more than I do about financial matters. We have taken such action before in this house, and there is no reason why we cannot do so again. A program of that kind could be carried out without constitutional changes. That is one practical suggestion I would offer.

I quite agree with the minister that we must have a broad and comprehensive program. No one measure will accomplish the complete results. I have mentioned housing because in Canada there have been the strongest representations urging the necessity of a housing scheme. On the other hand, we still have a vast amount of unemployment which, at least in part, could be taken care of by a scheme of this kind. In turn, as the minister has pointed out, it would stimulate general activity across the country.

In closing, I wish to emphasize that, after reading patiently the report, and listening to the minister, it does seem to me that we have been given nothing which would seem to bring about any immediate solution of this pressing problem—certainly nothing that would meet the needs of the people who have been suffering throughout these years.

The minister talked about improved morale; but I can take him to the welfare agencies in this city, or, indeed of any of our cities, and the welfare workers will tell him that to-day morale is at a very low ebb. I suggest that the sums which might be involved in carrying out extensive employment schemes are very small, compared with the good which might be accomplished in the national interest of Canada.

Hon. J. EARL LAWSON (York South): To an audience less informed than members of the House of Commons, an historic review of the different measures taken to cope with the unemployment problem, such as was given by the Minister of Labour (Mr. Rogers) this afternoon in the first hour of his address, would indeed have been intensely interesting. He intimated the steps which had been taken by a previous government and by the present government to meet the problem. I have no desire to express commendation of one government or condemnation of the other.

Mr. THORSON: You are in the reconfederation cabinet.

Mr. LAWSON: That is the third time I have heard that, but I have not yet found out what it is.

To my mind the unemployment problem far transcends any question of party politics or political controversy. Let us say that the camps to which the minister referred were a temporary expedient to meet the needs of a particular time, and let us say that the employment commission, which has functioned, has collected some valuable data and has presented in its report some better ideas respecting the classification of unemployed and unemployables than we had before. But the question still remains: If every recommendation made by the employment commission was implemented by the present government, which apparently it is not going to do, we would still have an unemployment problem. I do not think the minister would suggest seriously to this committee that the implementation of those recommendations would prove a solution of our problem. As I said a moment ago, let us take it for granted that they gave us some valuable data, but I am sometimes doubtful of that.

This afternoon the minister gave some figures in connection with the unemployed. It was pointed out by him, I believe as a result of a question asked, that the figures referred only to the unemployed on relief. Recently I had brought to my attention an instance of how inaccurate such figures may be. The municipality of the township of York is in the constituency which I have the honour to represent. According to the latest figures there are supposed to be 750 young people between the ages of sixteen and twenty-one who are unemployed in that particular municipality which has a population of something less than 700,000. There happens to be a very active youth movement in that municipality, as the minister knows, composed of several youth organizations. A little while ago they undertook to make a canvass of

every house in the municipality. Up to last week their voluntary job was two-thirds finished; but their census showed that instead of 750, there were 2,150 young people between the ages of sixteen and twenty-one years in that one municipality who were seeking employment.

I regret that the minister has not intimated that the bill to be founded upon this resolution will contain definite provisions for an effort, other than those which have been made, to meet the problem of unemployment. The minister dealt at some length with the home improvement plan and what it had accomplished. I would be the last to suggest that it has not provided some impetus and stimulus to and caused considerable expenditure in the building industry; but may I say to the minister I am convinced that so far as the promoting of the building industry in this country is concerned, it has but scratched the surface. The great impediment to progress in the building industry, as I see it, is the tremendous burden of municipal taxation which is now placed upon property. Until you relieve that burden you will not make any real progress in our building industry.

Some one will say that the municipality is a creature of the province; that this is a matter within the jurisdiction of the province, but it seems to me that there is a material and substantial contribution which the government of the Dominion of Canada could make to the solution of this problem. They should do that which almost everyone admits now should be done, namely, take off the municipalities and the provinces the burden of maintenance of relief of the unemployed.

I suggest that this is a concrete suggestion which will have two results. First, it would ease the burden of municipal taxation now upon the home owners and farmers in this country by eliminating that proportion of taxes which is now assessed against them by reason of the direct relief contribution being made by the municipalities. It will provide relief to those provinces which are unable to pay their way as they go and to which we are already advancing money to meet their share of the cost of unemployment relief. It will be noticed that I am distinguishing the unemployed from the unemployables. I say that by doing this you will make a great contribution, both to the stimulation of building and to relieving the burden of taxation upon those provinces and municipalities which are now in difficulties.

At one point in his speech the Minister of Labour announced that for two years the government had had a policy leading to the development of natural resources so as to secure further income for the future and thus provide more employment, rather than a program of artificial public works. By artificial public works I mean public works carried on for the purpose of providing employment. I was hopeful that before he had finished his remarks he would have told us something of what the government proposed to do in that regard. However, his remarks amounted to nothing more than the old, old, oft repeated policy of my friends in the Liberal party—trade, trade and the extension of trade.

Mr. DUPUIS: That is a nice song.

Mr. LAWSON: My hon. friend is a good songster and I would like to hear him sing it.

An hon. MEMBER: He is a little off key.

Mr. LAWSON: I realize that there will be always a division of opinion in this country as to the extent to which we benefit by trade agreements which throw our export and import trade out of balance. I am not going to attempt to argue at any length that age-old question of the benefits of expanding trade irrespective of the effect it may have upon our secondary industries as against the policy of protection for industry and equal opportunity for Canadians in their own market. However, I want to point out that nothing can be more misleading or less effective in argument than the mere recitation, such as the minister gave this afternoon, of increasing exports year after year, when one fails to give side by side with those figures the increasing imports or increasing world trade.

Mr. MARTIN: They both go together.

Mr. LAWSON: Of course they go together; they are inseparable. I can readily understand the argument by which one advances an increase of exports over imports as tending to show that a trade agreement is beneficial. I can readily understand the argument that an increase in imports may be beneficial if we are a creditor country and the imports come from a debtor country. Such an increase would indicate that at least we are getting payment of our debts. But to merely cite increases in exports without relation to the other factors which I have mentioned, is no evidence or proof of benefit to this country.

Had I anticipated speaking on this resolution I would have obtained certain figures to present to the minister. I am confident that if I had got them from the bureau of statistics

they would have illustrated clearly the fallacy of stating merely an increase in exports as an argument in support of what the minister was saying. I remember in 1933 or 1934 when I spoke during the budget debate I advanced an argument which may not have been accepted by many but which I still think is sound. I took the world trade figures in 1929, and in the year in which I was speaking, and showed that whereas world trade had decreased 68 per cent and that of our great neighbour to the south 65 per cent, nevertheless in Canada, under the policies of protection inaugurated by the Conservative government then in power, our trade had decreased only 60 per cent, and I suggest to my hon. friend that if he would take the percentage of increase in world trade to-day over the world trade when the government of which he is a member came into power, and then compare with that Canada's increase in trade, he would find, I am confident, that these trade agreements to which he pins his hope for solving the unemployment problem in the future have not resulted in the benefits which he would lead us to believe.

Therefore, Mr. Chairman, I hope that when we have the bill before us it will contain some more concrete suggestion for a contribution to the solution of the problem of unemployment in this country than was indicated by the minister this afternoon, and I suggest for his very serious consideration that if he desires to bring about a great increase in the building industry—and I agree with him that a substantial increase in the building industry would make a greater contribution to the solution of unemployment than anything else I can think of at the moment—then this government must lead the way in taking off the home owner and real estate owner some of the burden of taxation which is now imposed upon them.

Mr. W. A. WALSH (Mount Royal): Mr. Chairman, speaking to the resolution before us, I notice that it is worded:

> Resolved, that it is expedient to bring in a measure to provide assistance—

I would suggest that it has been expedient to do that for over two years, and that the thought of the government in considering the present time as expedient is a very long overdue thought.

As we all remember, this government came into office after having promised the people of Canada they would do what they suggested the previous government had not done, after having promised the people that they were the only party which could bring about an alleviation of the distress caused by unemployment because of their very close association with the then provincial governments in this country. Now, after two and a half years of office they at last suggest that it is expedient that something should be done.

I am sorry to have missed the introductory remarks of the Minister of Labour (Mr. Rogers); but as I listened to him during the early part of this evening I was almost reminded of the days I spent in the lecture theatre, and was almost ready to commend him for his academic style of delivery and for the academic words of wisdom to which he gave utterance. Unfortunately, however, the problem with which we are dealing cannot be solved by academic utterances or by academically well-turned phrases.

I also notice that the resolution reads that it is expedient to bring in a measure to provide assistance "towards the alleviation of unemployment and agricultural distress." I would suggest that unemployment and agricultural distress should not be grouped together as they have been in this resolution. I assume that agricultural distress refers to the conditions which prevail and have prevailed for some time in western Canada; but I do not think it is fair to those farmers who are suffering through no fault of their own, not because of any economic ills that have come to the world and to Canada in common with other nations, but merely through an act of providence, through the workings of nature, to place those farmers who are suffering just as intensely as the unemployed in our cities and towns in the same category with them. I think the two groups should be kept separate and distinct, and those who are suffering agricultural distress should be treated separately and distinctly from those who are unemployed from other causes than have brought about the unfortunate conditions which prevail in that western country. Judging by the utterances of last year, I thought that this year we would see those suffering from agricultural distress treated separately from the rank and file of the unemployed; that we would have separate figures in respect to them and separate legislation to deal with them at this present session. Unfortunately the government has not seen its way clear to bring in legislation of that nature, and so we must deal with the situation as we find it.

Listening to the minister this evening, I did not hear anything which would lead us to believe that any concrete measures will be

brought before the house to deal with unemployment in any definite way. I feel reasonably certain that if the unemployed had listened to the Minister of Labour this afternoon and this evening, and then had supplemented what they had heard by a careful reading of the report of the national employment commission, they would have gone away from this house very little comforted and with very little hope for the immediate future. As they pick up their paper to-morrow morning or to-morrow afternoon and read the utterances of the minister representing this government, I cannot see that they are going to catch that ray of hope they would naturally expect as a result of two and a half years' work on the part of such an important commission, whose labours they hoped would result in something more fruitful, which would be implemented by the government at present holding office.

The minister in the course of his remarks pictured in glowing terms the recovery that had been made by Canada, in more glowing terms, I think, than actual conditions at the present time warrant. I am not a pessimist, but in the present situation I for one cannot assume such an optimistic tone and outlook as the minister assumed in his remarks to-day. I feel absolutely certain that if we compare the recovery figures for Canada, to which the minister referred from time to time, with the recovery figures of other nations of the world, and with the figures for the world at large, we should find that Canada had made no more rapid strides on the road to recovery than many other countries of the world or, indeed, than the average country of the world.

As someone speaking in this debate has pointed out, the minister has made many suggestions, but not many suggestions of what could actually be done. He has pointed to what it would be impossible to do under present circumstances and conditions, but he has not been at all definite in showing the way to those who are looking for a lead in this connection.

When, some two years ago, I first spoke on a similar measure, I suggested that the minister was ill-advised in burdening this country with the expense of a commission to solve unemployment. I suggested that what he hoped to do through the efforts of such a commission could very well be done with a little reorganization within his own department, at far less expense and with much greater expedition than has been the case as a result of the appointment of this commission. I do not wish to say anything derogatory of the commission. They have done a nice piece of work; they have gathered together facts and statistics and made accessible material which was perhaps not previously available, but this could have been done by officials of the department with probably as much competence and a great deal more quickly than it has been done by the national employment commission. The result of the appointment of that body is that for over two years a practical solution of the problem of unemployment in this country has been delayed. When we get the report we find, blocking the way to dealing properly with the problem, a reference to another commission. One commission prevents anything from being done as a result of the report of another commission for which we have been waiting some two years. Evidently the present government have little or no intention of effectively dealing with the unemployment situation. What the government is doing is passing the question from one commission to another, hoping that, during the lapse of time between the reception of these reports and the giving effect to any recommendations they may have to make, world conditions will improve and reflect themselves in Canada; then this government will make an effort to persuade the people that they are responsible for an improvement which came about naturally in process of time.

These commissions entail a tremendous expense to the Canadian people. I hope during the course of this parliament to place on record in Hansard a complete list of the commissions that have been appointed, with their expensive and high strutting counsel, so that the people will know what a commission form of government really costs in the way of taxation, and what a so-called Liberal government is doing in the way of governing this country, not as a government but through the instrumentality of commissions, one appointed after another.

There is another point to which I wish to take exception. This lengthy report, containing as has been pointed out, somewhat laboured phrases and sentences, was tabled in the house on Friday; yet members are asked to give consideration to it on Monday. I ask the Minister of Labour, who, like myself, has been a teacher—

An hon. MEMBER: A professor.

Mr. WALSH: A professor, if he prefers the more dignified term to the word "teacher."

Mr. ROGERS: I am quite satisfied with "teacher."

Mr. WALSH: I think he, like myself, is quite satisfied with the word I used. We would not suggest, to even a fourth year

honour class in a university, to take a report of that nature and over the weekend read and digest it and be prepared to come back on Monday and discuss it in class. But here the minister has tabled a lengthy and important report on Friday and asks consideration for it on Monday, hoping that in the meantime hon. members, with our limited mentality as compared with fourth year honour students, will be able to give it real and genuine consideration.

Mr. ROGERS: If my hon. friend will permit me, there are fifty pages in the report itself apart from the appendix. I would not have considered it too heavy an assignment over a weekend.

Mr. WALSH: I must tell my hon. friend that I was not in the privileged class of a Rhodes scholar, and that I deliberately endeavoured to assimilate this report over the weekend, but, I assume on account of age and other infirmities, I found it almost impossible to comprehend it, let alone thoroughly digest it and come here prepared to discuss it properly. In my opinion this report could have been and should have been brought down at least one week earlier and hon. members given the opportunity, to which they are justly entitled, properly and effectively to consider a matter of far-reaching importance to the country as well as to parliament. The report is one of the most important documents which could be tabled in this house, and I am sure that the time which has elapsed between the tabling and the discussion of it has been far too short to permit a logical and comprehensive study such as is necessary to discuss it in detail and with a view of doing something for the people who most need our help at the present time.

I noticed—and I compliment the minister upon the fact—that during the course of the first three hours of the discussion, for the most part of an academic nature, he was quite willing to answer questions and receive information. Unfortunately, when he got away from an academic discussion of this report and proceeded into the realm of politics, he at once dissociated himself from that more favourable atmosphere and refused to answer questions. He himself refused, and his satellites who sit in the immediate vicinity, the yes men who echo the sound of his voice from time to time, answered for him "no, no"; the questions were not answered, and the minister continued his tirade in the field of politics. That was not a commendable effort on his part. Possibly if he had taken his seat at the end of the three hour discussion and had refrained from continuing another hour and delving into politics, his remarks on the report under discussion would have been received with a great deal more approval, not only in parliament but by the press and the people of Canada. I know that in what I am about to say I shall be out of order; but the minister, according to his own suggestion, was not out of order when he brought political and economic details of trade and commerce and considerations of fiscal policy into this discussion, so I assume that on the same principle I should be held to be in order if I asked him a question regarding his suggestion that the past government withdrew into economic nationalism and founded their fiscal policy on the wrong principles. I endeavoured to ask him this question when his satellites interrupted.

An hon. MEMBER: And this is non political!

Mr. WALSH: This is dealing with the political aspect of a discussion into which politics should not have been brought. Would he characterize the trade agreement of 1932, passed by the previous administration, as "economic nationalism?"

Mr. ROGERS: I said that "economic imperialism" would perhaps be a better term. I hardly know how to answer my hon. friend, because apparently I am either academic or political, and in either case it is bad in his judgment. Offhand I should say that the agreements in the first instance did contain features which extended the idea of an exclusive trade policy operating within the empire. I think that at least in some particulars they have been improved by the revision with respect to the bound items.

Mr. WALSH: As regards the empire trade agreement, I hardly think the minister could refer to the previous government as continuing a policy of economic nationalism in view of that important legislation, which apparently not only met with the commendation later of the present Liberal government but was given an extension of time during which it was kept in force. I would also make this suggestion. I believe the minister will agree that the previous administration did make a serious effort to conclude a trade pact with the United States. Is that economic nationalism? Is it blocking the channels of trade to endeavour to make an agreement of that kind?

The minister goes on to take to task the preceding administration for not concluding a trade pact with the United States. I suggest to him and to the government in all seriousness that the previous government were

prepared to conclude that trade pact, as has already been overemphasized, but they were not prepared to pay the price which the present government has paid in order to secure that agreement with the United States. It is very much like the case of a man who told me over the weekend of his endeavours last summer to purchase a house. He was offered the house at $10,500; but he was not prepared to pay that price, and last week the owner called him up and offered the house for $8,500 so as to get rid of it. Would that man have been justified in the first instance in accepting the first offer in view of the fact that he has now been offered it for $8,500. Well, the present government took the United States offer and sold out certain interests in Canada in order to conclude that trade agreement with the United States, and it is under that agreement that we are living to-day. I suggest to the government that that very agreement will eventually aggravate the unemployment situation and make it well nigh impossible for any government to deal satisfactorily with the question of unemployment. I want to give this warning to the government. If they propose to enter into a trade agreement with the United States, they will further aggravate and further increase unemployment in Canada owing to the importation from the United States of goods which could just as satisfactorily be manufactured in this country, giving employment to people here.

When the minister was speaking in glowing terms of the economic condition of those engaged in fishing, particularly in Nova Scotia, I noticed a strained look on the countenance of the hon. member for Queens-Lunenburg (Mr. Kinley). I could see that he was listening intently, waiting for some ray of hope as the minister pictured the conditions of the fishermen and told us how their lot had improved as a result of the enactments of the Liberal government in the last two and a half years; and then the hon. member fell back in his seat with a disappointed look; for he knew that what the minister had just said was not a reality in that part of the country from which the hon. member had just returned.

I would suggest to the minister that he be more careful in making statements as to conditions unless he has firsthand information. If my information is correct, the lot of these fishermen in Nova Scotia and in other parts of Canada is not too happy at the present time; they are among those who are only partly employed and therefore are in a worse position than those who are altogether unemployed.

I was pleased to hear the minister suggest that there would be new roads to our national parks. I am sure that the members from Prince Edward Island will immediately call attention to their various home towns and point out that there is need on that island of some new and improved roads in order to bring the proposed national park in Prince Edward Island into contact with the larger centres of Summerside, Charlottetown and other larger places on the Northumberland strait. There is some ray of hope there, and I trust the Minister of Public Works or the minister who will be in charge of that particular project will see that the suggestions of the Minister of Labour are implemented and that during the course of this summer we who are fortunate enough to spend a few weeks on the island will have an improved road over which to travel to our destination.

I am glad that the minister is so confident as to the future. I, too, am confident, just as confident as the minister; but I want to make this observation, and I do so not by way of political gesture but sincerely: I would be more confident if there were a different government in office. I would not care whether that government happened to be called Conservative or even if we had a Liberal government in power so long as it had a different set of leaders, who would actually give a lead to the people of Canada, leaders who would not equivocate, who would not just stand on the side-lines and hope for the best but who would give a very well defined lead. Under those circumstances I would say that there might be ground for the minister's optimism.

An hon. MEMBER: Whom would you suggest in place of the present government?

Mr. WALSH: When the people of Canada have an opportunity to express themselves, I hope they will be wise in their choice and will elect a government which will be well and effectively directed, so that they will know that they are being led in the right direction, and that the problems with which we are confronted, of which unemployment is only one, will be satisfactorily handled instead of being referred to commissions that are merely trying to kill time.

Progress reported.

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

Tuesday, April 5, 1938

The house met at three o'clock.

RAILWAYS AND CANALS

Fourth report of the standing committee on railways, canals and telegraph lines.—Mr. Vien.

NEW MEMBER INTRODUCED

Orvis A. Kennedy, Esquire, member for the electoral district of Edmonton East, introduced by Mr. Blackmore and Mr. Landeryou.

NATIONAL DEFENCE

REPORTED DISMANTLING OF GUNS AND REDUCTION OF DEFENCE EQUIPMENT AT HALIFAX

On the orders of the day:

Mr. GORDON B. ISNOR (Halifax): Mr. Speaker, I should like to draw the attention of the Minister of National Defence (Mr. Mackenzie) to a Canadian press dispatch which appeared last evening in the Ottawa papers in respect to the dismantling of guns at the city of Halifax. The dispatch states:

> Halifax is being stripped rapidly of any semblance of defence against possible war-time attackers.

I should like to read the whole of the dispatch, but shall be content to point out the importance of the statement so far as the garrison city of Halifax is concerned; I hope the minister has already been made aware of the article. I am asking him if the report is correct, and whether the defences of Halifax are being stripped in the manner indicated.

Hon. IAN MACKENZIE (Minister of National Defence): Mr. Speaker, the hon. member was kind enough to notify me of his intention to ask this question. I have observed the contents of the dispatch to which he refers, and may I say immediately that the dispatch in question is absolutely crowded with the most glaring inaccuracies. Not only have the defences at Halifax not been weakened in recent days, but they have been actually strengthened. More guns of heavy calibre have been moved to the vicinity of Halifax than have been taken away from there. Certain guns which were "unallotted," or "in reserve" for some years, have been moved from the district, but I can assure the hon. member, with reference both to guns and to munitions, that nothing whatsoever has been done to impair the effective defences of Halifax city. The reference in the dispatch to ninety naval families being transferred is equally untrue. A few key naval ratings may be transferred, but no more. I only express my personal regret that the Canadian Press saw fit to carry this dispatch, which several journals refused to print, without investigation at headquarters here in Ottawa.

RADIO BROADCASTING

ADDRESS BROADCAST BY MR. FERGUSON OF WINNIPEG FREE PRESS ON SUNDAY, APRIL 3

On the orders of the day.

Mr. F. C. BETTS (London): Before the orders of the day are proceeded with I should like to ask a question of the Minister of Transport (Mr. Howe). On Sunday last, commencing at 6.30 p.m., radio station CBL carried a broadcast by a Mr. Ferguson who is an editor or other employee of the Winnipeg Free Press. In the course of his remarks he suggested that Britain prefers a weak Spain in order that her line of communication to the orient may not be threatened and, further, that the failure of Britain to support General Franco in Spain is attributable largely to Britain's desire to protect her investments in Spain. I should like to ask the minister whether this broadcast was made after review by and with the approval of the Canadian Broadcasting Corporation. If so, I should like to know the name of the reviewing officer.

Hon. C. D. HOWE (Minister of Transport): My hon. friend was good enough to give me notice of this question. I am advised by the Canadian Broadcasting Corporation that no officer of the corporation had prior knowledge of the subject matter of the address, and no officer reviewed the address.

CATTLE SHIPMENTS

PROVISION OF SPACE ON VESSELS FOR SHIPMENT TO ENGLAND

On the orders of the day.

Mr. A. M. EDWARDS (Waterloo South): I should like to inquire of the Minister of Agriculture (Mr. Gardiner) as to what progress has been made in securing boat space for the shipment of cattle to England.

Hon. J. G. GARDINER (Minister of Agriculture): No further space has been obtained since we discussed the matter a few days ago.

POLITICAL EXPENDITURES

PUBLICATION OF RECEIPTS AND EXPENDITURES AND LIMITATION OF AMOUNT EXPENDED IN ELECTION OF MEMBERS

Hon. C. G. POWER (Minister of Pensions and National Health) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure respecting political expenditures, and to make provision for the appointment and the salaries or remuneration of certain officers and employees and the payment of certain expenses in connection with the administraiton of the said measure.

He said: Mr. Speaker, the legislation which is being introduced by this resolution will be known as the Political Expenditures Act. The preamble to the bill reads:

Whereas it is desirable that the source and disposition of sums expended for federal political purposes should be readily traceable and that the amounts expended in promoting the return of members of the House of Commons should be limited.

I believe those words express succinctly the objects of the proposed legislation. The first object is to make traceable and provide a public record of all receipts and expenditures for political purposes. The second object is to limit expenditures which may lawfully be incurred in promoting the election of a member. The bill is comparatively simple. This house acquires jurisdiction in connection therewith through its control over banks and banking and also through the right which the federal government has to constitute corporations for other than provincial purposes. The provision with regard to the limitation of expenditures will operate only during the electoral periods while the other provisions will operate at all times. I may digress here to say that with the provision for the tracing and publication of contributions operating at all times there is a probability that the public will become accustomed to the other provisions and more readily acquiesce in their operation when the electoral period comes around.

Political expenditures can be incurred only by special corporate bodies constituted by mere request into corporations sole. Political contributions can be made only to such bodies and such contributions must be deposited in a bank with duplicate deposit slips. All payments must be made by cheque. A return of expenditures and contributions will thus automatically be made by the transmission to the officer appointed by this house of the duplicate deposit slips and cheques. This officer, who will be known as the inspector general of elections, will have the duty of setting up corporations on request and making a return to parliament of all receipts and expenditures by those corporations. This return will be along the lines of that made by the auditor general and will be annual.

The limitation of the expenditure in any particular constituency will be achieved through identifying the corporation or corporations which are charged with the duty of promoting the return of any candidate to parliament. Any one else, a corporation or otherwise, will be forbidden to spend any money for that purpose. The amount of expenditures permissible will be calculated on the number of electors in a given electoral district. There is also a provision in the interests of the public placing a limitation on the amount to be expended on radio broadcasting, which limitation will be based on the number of electors. In as simple language as I can use, these are the chief provisions of the bill.

I have every reason to believe that this bill is sound both in law and constitution. It was drafted by Lieutenant-Colonel Biggar who for seven or eight years was chief electoral officer of Canada. There are certain features of the bill upon which I should perhaps enlarge. It was thought advisable in connection with the provision for the limitation of expenditures to leave blank the amount to be allowed to be expended in any given constituency. I submit that this amount should be fixed by the committee of this house which will be called upon to deal with the bill. A distinction has been made in the bill as between rural and urban constituencies.

Another difficulty had been solved, perhaps not to the satisfaction of everyone, in connection with the distribution of moneys expended from the central or national campaign funds. It was decided that the bill should provide that these moneys should be distributed equally among all constituencies. It may appear to hon. members that this provision will make the amount expended in any constituency appear to be somewhat large when it is charged with its portion of the national expenditure. It will certainly bring it out of line with the limitation imposed in other countries on expenditures in constituencies. In Great Britain, for example, if my memory serves me aright, the expenditure is five pence per name of elector in the constituency in boroughs, and six pence in counties. It is hoped that this difficulty, which is perhaps not a very real difficulty but one to which certain objections will be taken, can also be ironed out in committee.

The definition of political expenses and political purposes will perhaps not appeal to all those who are intended to be covered by this act. The definition of a political expense is so drawn as to include all outlays designed to affect public opinion or governmental action other than such action as is consequent upon

judicial or semi-judicial procedure. And "political purpose" means:

> The purpose of promoting or opposing the selection of candidates or of any person as a candidate for membership in the House of Commons, the return of any such candidate, the enactment or repeal of any legislation either by parliament or affecting its legislative jurisdiction, the adoption of any resolution by either house of parliament or the adoption of any policy or the taking of any action by the governor general in council, and extends to and includes all and any analogous purposes.

This definition will at once appear to the house to be pretty broad. Certain associations and corporations who do not, generally speaking, consider themselves to be of a political character will inevitably when they engage in their normal activities be embraced within this definition. I could say, for instance. that if such an association existed as a civic reform league which wished to engage counsel for the purpose of promoting the passage of this bill, it would itself probably be the first to come under its provisions. But may I point out to the house that it is essential that all who take part in or undertake any political action must come under the provisions of this act. Otherwise there will be loopholes left for individuals and organizations, and it might be that the effectiveness of the legislation would be destroyed. We must, if this bill is to be of any effect whatsoever, take all precautions to prevent any evasion of its provisions.

I agree, and I presume this will be urged during the discussion, that we must not go beyond the lengths to which public opinion would want us to go. This may be perhaps considered as legislation similar to sumptuary legislation or to liquor prohibition legislation. It must have the support of the public, and this particular legislation must have the support of the persons most directly interested, namely, members of parliament. Otherwise it cannot be of any effect. I am quite aware it will be urged that you cannot make people honest by act of parliament. Perhaps you cannot make them honest by act of parliament but you can point out in legislation what their responsibility is with respect to the carrying on of perfectly legitimate actions on their part, and explain to them by that legislation that if they do not follow the prescribed procedure they will be obliged to submit to certain penalties.

I suggest that here is a draft bill which covers the main points of certain objections which have been made to our electoral system. Here in cold print the members of this house may see a means of getting away from the abuses which have been inherent in our system. It is their responsibility to study it, and I suggest that it is worthy of their study and attention.

Two points I think will be brought up during the course of the discussion, and perhaps I had better deal with them now. First, is a central campaign fund necessary and essential? To this question I reply that, although it may not be absolutely necessary or essential, it is undoubtedly of some advantage to the public. We in this house and in our political activities, however important we may believe our policies, our pronouncements, our discussions and debates may be, must realize that there are outside of this house and throughout the country many, many thousands of persons who are far less interested in us and in our activities and in governmental activities than they are in the sports page of the newspaper, or in the radio or the movies. These people, when election time comes along, must be educated. It is true that under our present system this education is partisan; it is carried out by political parties. But I submit that it is some kind of education, and it provides a means by which an informed verdict may be rendered at a general election. But I would also say this, that a large part of the expenditure made is unnecessary and wasteful, and that a great deal of it is made simply to keep up with the Joneses. If one political party sees that another political party has set up a billboard in a conspicuous place, immediately it must set up a billboard of its own. If one political party has a half-page cartoon in a newspaper, immediately the other parties must have a similar cartoon.

Mr. MacNICOL: Maybe a better one.

Mr. POWER: Possibly a more expensive one, which all goes to prove my point that a large proportion of the expenditure thus made on advertising, billboards and the radio, is almost wholly unnecessary.

With respect to the second suggestion, may I pause to deal with a suggestion that has been made that the state assume some responsibility for this expenditure in relation to the education of the people during a general election. It might be done, but I submit that the difficulties in endeavouring to apportion the moneys which parliament had voted for the purpose of an election as between the contending parties or the contending candidates would be so great as to make it almost impossible to carry it out—and I say that advisedly in the face of the knowledge which we have that in Great Britain it is possible, without too much complaint, for the British Broadcasting Corporation to allot certain

hours to the different political parties for radio broadcasting. But even there, I have lately heard, all political parties and groups are not satisfied with the allotment given them by the British Broadcasting Corporation.

The second question, which is perhaps more important, is, will the publication of campaign contributions bring about the disappearance of such contributions altogether? I admit that it will curtail them somewhat. But we have the example of the United States before us. In the United States, first by voluntary action, I think in 1908, and later by enforceable legislation, the details of campaign subscriptions were made public, and even though we do hear that political parties have not on all and every occasion all the funds which they believe to be necessary, we know that they are able to raise considerable sums for the purpose of their electoral propaganda. But I believe that in this country, if once it were firmly established that no large contributions could be made and that no large funds existed, a very large number of people, stalwart adherents of the theories of government to which their parties were attached, would come forward, finding that their five dollars or ten dollars, which they feared would not be acceptable—on account of their comparative insignificance—under the old system, would now be acceptable, and would support their parties with such donations. In any case, I submit, democracy is in a bad way indeed if we cannot function without secret funds, backdoor subscriptions and underground contributions. What is perhaps still more dangerous is that the widespread belief in the existence of such funds leads to an insistent demand, sometimes very difficult to refuse, by constituency organizations for large sums of money to be expended on individual constituencies.

That brings me to the second object of the bill, that is to say, limitation of expenditure by candidates in promoting their election to parliament.

May I say here that I do not believe that a wholesale purchase of votes is any longer either effective, practicable or popular, whatever may have been the case thirty or forty years ago; and it is perhaps within the memory of very many of us—I know it is within my memory—that people were literally bought on the market place, gangs of forty or fifty men actually sitting on the fence waiting until funds were provided so that they could vote.

Miss MACPHAIL: No women.

Mr. POWER: Women were not allowed to vote in those days. There are some who will say that the present parlous state of our politics was brought about after the women were given the vote. I am not saying that. But I think I can affirm that the barter of votes as carried on in days gone by no longer exists except perhaps in certain backward communities and remote constituencies. Nevertheless the fact is evident that the cost of elections is getting higher year by year. I make no reference to any particular constituencies. My own experience has been that when the money was available it was spent and when there was no money the work was done just the same.

An hon. MEMBER: Perhaps better.

Mr. POWER: That gives me ground for the hope that if, generally speaking throughout all the constituencies, the same condition existed—a very small amount of election funds —the election would go on just the same and the result would not be any different. I also have some hope that if there was provision in the legislation for the publication of the detailed expenditures, a very large number of persons who now desire to be compensated for their services would out of very shame be only too willing to work without any compensation whatsoever. There has grown up in our body politic a class of racketeers, organizers, in some cases owners of newspapers—

An hon. MEMBER: Be careful.

Mr. POWER: —owners of public halls, pamphleteers, writers and others who believe that the election period is a very carnival for them in order that they may charge, during that election, rates which they would never dare to contemplate at any other time. Even the righteous are sometimes attacked by the same virus. It is within the experience of most of us that candidates are ofttimes saddled with the performance of innumerable good works which they are not in the habit of performing at any other time. They must subscribe to carnivals, to bazaars, to tombolas, to church festivals—

An hon. MEMBER: Sweepstakes.

Mr. POWER: —sweepstakes, and popularity contests, in order to make themselves solid with the electorate. It has been said, in a facetious way, perhaps, that the politician's extremity was the puritan's opportunity. Be that as it may, the demands on the purse of the poor unfortunate candidate are such that often it is absolutely impossible for the ordinary citizen to place his services at the disposal of the state. What must he do? He must turn either to his friends or to some one else, and more often to the party funds, for assistance. This assistance is often,

indeed almost always furnished to him without his knowledge as to its character and certainly as to its extent; and perhaps I may say here, with no disrespect and no intention of wounding the feelings of any of my colleagues or calling into question the word or conscience of any member of this house, that they are, with premeditation probably, the most blissfully ignorant class in the whole world.

I said that "keeping up with the Joneses" was one of the reasons which brought about the expenditure in connection with general campaign funds. There is another motive which brings about large expenditures in individual constituencies. It is fear. No one of us would deliberately spend money for corrupt purposes. All the candidates and all hon. members, so far as I am concerned, are honest and law-abiding citizens, but in no other sphere of our life is there so ready an acceptation of the old axiom that "the end justifies the means," and that the other fellow is going to do it if we don't do it. What brings about the greater portion of unlawful, illegal, not to say corrupt political expenditure is the fear that the other side will do something similar and do it first. How many times, in discussing elections after the event, have not two or three or more men from different political groups or allegiances got together and said, "Surely it should be possible among ourselves, who in every other one of our activities, are honest, decent, law-abiding citizens, to get together and see to it that our partisans and supporters shall be obliged to hew close to the line and run a decent, clean and honest election." Now, if two opponents can do that, if in individual constituencies that idea can be carried out—and I am told that it has been done—why cannot we all here as members of parliament, who know that evils exist and know what they are, also get together and by agreement decide which of these evils should be eliminated and then sanction that agreement by legislation? And that is what this bill proposes to do.

The bill is not a self-denying ordinance; it is a self-protective ordinance so far as members of parliament are concerned. From the purely practical politician's standpoint it proposes to take steps to prevent an increase in electoral expenditure, and to bring it to the point where an ordinary citizen can face the prospect of an election with honest intention and clean hands. But altogether apart from our own purely selfish interests, there is perhaps a higher and more important aspect of the question. Undoubtedly there is growing throughout the country a contempt for politicians and distrust of certain phases of party politics. There is a belief firmly implanted in the minds of many thoughtful men that the result of electoral campaigns is not a true reflection of the views and opinions of the people, but that these views and opinions have been influenced by propaganda and sometimes by corrupt and corrupting funds raised by people who hope to profit by the advent to, or the maintenance of one party or another in, places of power and responsibility.

Personally, and looking over the results of more recent political campaigns, in general elections particularly, I am not inclined to agree with that view. I believe that almost any one of us, giving a little study to the course of recent campaigns back through the last quarter or half a century, will come to the conclusion that there were many other factors than that of the expenditure of money that contributed, aye, that influenced and carried the verdict of the electorate. But the real point is not that there exist these corrupt practices and these enormous funds for the purpose of manipulating elections. The real point is that if they continue to increase future campaigns might be so influenced. And more important still is the fact that the impression is abroad that actually, and in the future, campaign results will be influenced by the expenditure of large funds on behalf of some party or other. This impression, I submit, is harmful; it is detrimental and it brings our whole system into disrepute.

Our present democratic system is built on confidence. Destroy that confidence and the value of our institutions is almost entirely impaired. A greater threat by far to democracy than the "isms" that now infest our body politic is the belief that electoral manipulation, electoral manoeuvring, "electoralism" as it is called in our province, is undermining the very basis of democracy. We must, if we wish to firmly establish democracy again in the minds of our people, pay some heed to that belief and endeavour to cure the ills that appear at the moment to be inherent in the system. There is going on at the present time a world wide struggle between totalitarianism and democracy. It has its reflection in this country, and it devolves upon us, who believe in our present system of government, to endeavour to cure the ills that are inherent in it. I believe that we can accomplish this by cleaning house where housecleaning is necessary, and I also believe that if we do not soon clean house we shall

be open to the charge of being indifferent and negligent in our duty.

Right Hon. R. B. BENNETT (Leader of the Opposition): The very excellent address to which we have listened from the Minister of Pensions and National Health (Mr. Power) is, I hope, an augury of its reflection in adequate legislation. No matter has more engrossed the attention of thoughtful men than the question of electoral corruption, and in every country where democratic institutions have been established, an earnest effort has been made to secure their perpetuation by the generation that has had to deal with the problem.

It was not so very long ago that Walpole said that every man had his price; and yet great changes have taken place since that time. It was not so very long ago that we had open voting; and yet the introduction of the ballot did not result in what was very strongly hoped for at the time it was introduced. It was not so very long ago that the printing press made it possible to express the views of contending parties by the circulation of pamphlets in very large numbers throughout the constituencies; and yet the pamphleteer had his greatest innings in the eighteenth century. It was not so very long ago that we endeavoured in this house to deal with the difficulties of personation; and I can recall the speech of the hon. gentleman who has just taken his seat when an effort was being made in that direction. I am bound to say that despite all the efforts that were made personation still continued and does continue in this country on a very amazing scale. It was not so very long ago that we talked about elections not being won with prayers; and yet I have it, on what I conceive to be not only sound but absolutely correct authority, that as much as $42,000 was made available for one seat in a local election in the province of Ontario.

That gives you some idea of what I mean. It was not so very long ago that we talked about the methods that were used for the purpose of circumventing the law. I do not think it would be very difficult to give the evidences, if I were called upon, of men who, canvassing, would ask for a glass of water and express a willingness to pay $10 for it. And I had it from a gentleman who himself was interested that not so very long ago, in fact within the last two years, large quantities of flour and sugar have been made available for very small sums of money to those who had the right kind of ticket to present in payment. Sometimes a cabbage would buy a substantial quantity of flour, or another vegetable would buy a substantial amount of sugar. I am not suggesting for a moment that one party had any monopoly of these matters; I never have. But I cannot but remember investigations that have taken place in this house. I was reminding some of our friends who were discussing this matter with me the other day of what reached its flood tide level in connection with the Huron West election. If any hon. member cares to look at the journals of the House of Commons to see what was done, he will find that schools were established for the purpose of teaching people how to have a blacklead under the thumb nail so as to be able to mark a ballot in favour of a given candidate while the real ballot never reached the ballot box. All these are things which, I hope, we are outgrowing, but have not entirely outgrown. If the bill to be presented by the minister will do anything to accelerate progress in that direction, it will indeed accomplish much.

But it is not with that phase of the matter that this legislation proposes to deal. It deals with the relationship of the candidate to the constituency. By the candidate I mean his party, his organization, and—from what the minister has said; of course I have not seen the measure—the central authority which directs the operations of the campaign, that is, the general staff. No one who is familiar with these matters will endeavour to minimize the difficulty of dealing with them. He would indeed be a fool who would suggest that they can be dealt with by a stroke of a pen; who thinks that all you have to do is to pass a bill through parliament and the matter is ended. What is more, in nine cases out of ten—I think it is not too high an average—it is over-enthusiastic friends of the candidate who cause the difficulty. When I say over-enthusiastic friends I mean men who very often have no public conscience at all, who look upon politics as a game and the prostitution of the electorate as something to be commended rather than otherwise. No one who has read, for instance, the records of some of the election courts during the last half century, or the reports of the special committees in this house, can fail to realize that there has grown up—not limited entirely to one party, let me say again—a class of men whose one purpose in life is to flourish at election times and see how much they can get out of the candidate and the use they can put it to for the purpose of prostituting the electorate. There is the man who is handy with money. He is always in evidence. I have seen such men even in more recent years, who are perfectly willing to be entrusted with substantial sums of money to

meet legitimate election costs, and who unfortunately grow rich in the process while the electors become correspondingly poor.

When the minister said that the House of Commons was the most blissfully ignorant institution in the world in this regard I could not but recall an occasion on which I said: Will any hon. gentleman in this house say that his campaign has not been assisted by funds from another source than his own purse? I think there were two hon. members in the chamber who asserted their innocence, and one had such a bland and childlike countenance that I have never forgotten it. It was the personification of an innocence which could hardly live in the twentieth century, and was more entitled to the honour of sainthood than that of a member of parliament. It would be idle to disguise from ourselves as thoughtful men and as trustees for the future that this evil exists. The question is how it is to be met.

When I was away from Canada I endeavoured to ascertain how it was being dealt with by other democracies. I have studied to some extent conditions in the United States. I shall never forget what a distinguished man there said to me. As chairman of a committee connected with one of the service clubs, his duty was to do what he could during his term of office to advance citizenship. I asked him: "How do you manage, for instance, in a great city like Pittsburgh, in connection with elections"? He replied: "I really could not tell you, Mr. Bennett, how we deal with that in detail, but as far as I know the party says: We want a majority of say fifty from that precinct, and they take the necessary steps to get it." That was all he could say about it, which struck me as passing strange.

They have made great progress in the United States in dealing with the problem. The minister said he intended to give us some facts with respect to the progress made there; I assume that in committee he will do so. Each state has dealt with the matter from the standpoint of state elections. It will be recalled that the federal power utilizes the state machinery in connection with elections to congress, which take place every two years, and elections to the senate, which happen less frequently. They have made very great advances. Any hon. members who have read the life of Mark Hanna will readily understand what I mean: the tremendous cost involved in, for instance, the conduct of the last effort that he made to card index a state—I think Illinois—just before a very vital election.

The question of where the money comes from is very important. It is also very important to know where it goes. You may have a small sum of money and may use it for corrupt purposes; you may have a large sum and use it all for legal and correct purposes. The question of the end or use to which the money is put becomes of great importance. Therefore apart altogether from establishing the source of funds it would seem that the extent to which money may be used to accomplish a purpose becomes of transcendent importance. We talk of this democratic form of government as government of the people, by the people and for the people; it flows very glibly from our tongues. But the first question that is asked in connection with an election, especially a by-election, is, what is it going to cost? Expert testimony could be given on that point in this chamber, I have no doubt. In fact I might be able to satisfy the curiosity of some of our friends in that regard myself. The question of the amount that may be expended in an election becomes of very great importance.

In England this matter was very carefully studied, and the amount that may be expended by a candidate in an election has been fixed. But as one of my friends said, that involves at once the question of the uneven distribution of votes in constituencies in this country. I pointed out here some time ago, for instance, that we realize that the redistribution in the eastern end of Ontario is not a fair distribution in the sense in which you and I use that word in everyday life. Yet the long established character of the constituencies, the fact that they always were separate from a neighbouring constituency, was given consideration. The effect was, of course, that one constituency in the Niagara peninsula has a population nearly as great, we will say, as two, if not three, of those constituencies. They were rural constituencies, while in the Niagara peninsula you had large urban communities. That has a direct effect upon the question of limiting the amount of expenditures in elections. If it is four pence or five pence per head of the population—

Mr. POWER: I said four pence. It is five pence for an elector in a borough, and six pence in a county.

Mr. BENNETT: Yes. I have called it ten cents, roughly, in our country.

Mr. POWER: Besides the personal expenses; they are not included.

Mr. BENNETT: No, it does not include that. The candidate pays for staying at a hotel over night, or for gasoline for his car, or the operation of a motor car. Those are expenditures made by a candidate for all

purposes, but not for getting in the vote. For instance, there are halls, bands, radios, advertising and all that sort of thing included in the five pence for the county.

Mr. POWER: And there is a mailing privilege also, of so much a name. There is permission for two ounces of election matter free, which amounts to a thousand pounds in some cases.

Mr. BENNETT: A very large amount, I suppose, in some places. But roughly, the figure I have used in making the computation was ten cents. Five pence is substantially ten cents. In some constituencies that would limit the expenditure to a small sum of money. In some it would amount to a very large sum of money. In a large city constituency, for instance, there might be a very dense population, and the expenditure would be large.

I do not know to what extent we may be able, in a measure, perhaps, to deal with the matter, and I am not going to anticipate what the measure provides in that regard. All I can say is I regard it as absolutely essential that some such restriction should be provided.

The question of compulsory voting was not referred to by the minister. In a sense, it has nothing to do with this measure; in reality it applies more directly to the franchise measure. But I am bound to say that the experience in Australia in that regard has been exceedingly satisfactory—most amazingly satisfactory. For instance, let us consider one of the difficulties we have all had. The law says that you shall not employ motor cars on election day to bring out the vote. If I were to ask for all those who have not paid for motor cars to hold up their hands, members who live in cities, I believe there would be a dearth of uplifted hands.

Mr. DUNNING: Except from the innocents, who do not know.

Mr. BENNETT: Are there any? Well, if there are, I would like to see their photographs; but, be that as it may, that is the reason I say compulsory voting has become so very useful in a country like Australia. It would be useful in Canada. What is more, in the recent election down there I am advised it worked even more satisfactorily than in the previous one. I know that the gentleman who was entrusted by the government to obtain information to be made available to the special committee communicated with Australia and New Zealand, because while I was there his communications were being dealt with, and the gentleman in charge asked me if I knew anything about it. Would it be possible to deal with that phase of the matter? I do not know. At one time I believed it would be a very satisfactory method of dealing with one phase of our difficulty. It is a matter which I think we shall have to discuss in some detail.

We must consider also the method of voting, which also has something to do with the question of corrupt practices. Then we have what is the most difficult of all—the result of wrong practices. I had expected to hear the minister say something about that. Mr. Speaker, so long as we leave the corrupt elections act as it is to-day, we might as well conclude that we are wasting our time in passing this legislation. If a thousand dollars has to be put up as a deposit, and all the machinery of the law resorted to, with all the technicalities which can be relied upon by those who defend themselves against an attack on their seat, we are wasting our time.

I would like my friends in the house just to look at the records—and what I am about to say has no personal application at all. For instance, we provided that it was necessary to file returns. We provided that if they were not filed certain results would follow. They have not always been filed on time. Extensions have not been granted. Then, on an ex parte application, with just an advertisement in a newspaper, you go to a friendly judge and get an order on the ground that you did not think about it. Or, in the language of my friend the Minister of Finance, you are innocent of it.

All that must in some way be met. What is the sense in our passing this legislation if it requires the deposit of a thousand dollars to unseat a member who has relied upon these very things—all the technical machinery of the law, which may be relied upon, through the employment of skilled members of the legal profession? There must be some summary method of dealing with it, and that summary method must provide that upon proof of contravention of the provisions to which the minister has referred this afternoon, that man must forfeit his seat. And when you have men learning that their seats may be lost you will find a very great measure of care being exercised.

A great many election petitions have been filed in our lifetime, but I venture to say that not many hon. members can recall even five that went to trial and were dealt with. I venture to say there are not five we could speak of, from knowledge, during a period of thirty years or more. I believe the only one in Alberta in that period of time was one

which I brought for the purpose of determining whether or not ballots marked with a fountain pen or an indelible pencil were valid ballots. I had a majority, if they were valid; I was in the minority if they were invalid. The court decided they were invalid, which was in accordance with the precedents of the past. That is the only one I can refer to, or with which I am familiar in Alberta.

In British Columbia I cannot recall one controverted election case in a quarter of a century. Certainly I know of none in Saskatchewan, with the exception of the one in Moose Jaw, with respect to which I believe action was brought by the now Mr. Justice Knowles against a gentleman named Johnston —I believe that was the name. That is the only one I can recall.

Mr. DUNNING: There was one connected with the provincial house, in the north.

Mr. BENNETT: Yes, in the Prince Albert constituency—and it is a terrible story to read, as it is reported, at any rate.

Mr. STIRLING: And Athabaska.

Mr. BENNETT: Athabaska did not come, of course, under the controverted elections act. We appointed a commission in Athabaska. The commission made a report; it was proven beyond peradventure what had happened, and the seat was ultimately vacated. But in Manitoba there was once a great deal of difficulty. I am tempted to remind the house of the part women sometimes play in enforcing a sense of morality on the part of their husbands. I believe it is sufficient for my purpose to say that in one instance a substantial sum of money was paid to a man for looking the other way while votes were being counted. His wife discovered what had been done. The money was brought to court and deposited there on the ground that it was ill gotten and had been improperly taken. It was the influence of the woman which had made it possible for that to be done.

Mr. MacLENNAN: What happened to her?

Mr. BENNETT: I will tell you, my cynical friend, what happened to her: she had the proud satisfaction of self-respect. That is what she had, and that is somewhat important.

During the last twenty-five years I can recall no federal election protests in Ontario. Before that we had substantial numbers. We will remember that there was a very important one from London; and we will remember too the one concerning the Hurons, which it is unnecessary to discuss, and some others as well which need not here be gone into. In Quebec there have been very few in recent years, none so far as I can remember in twenty-five years in the federal arena. One of the most important ones you will find is in volume 1 of the supreme court reports. It had to do with that Minister of Public Works who was blamed for making a carpenter shop into the Supreme Court of Canada. I dare say that most hon. members are familiar with that story. Our supreme court, like the supreme court of the United States, was not dignified with very fine premises. As you know, the supreme court of the United States was not thought to be very important when it came into being and it was given a poor little room in which to sit. An old carpenter shop was turned into the Supreme Court of Canada. In connection with the question of the influence of the clergy in elections an appeal was taken by the late Sir Hector Langevin. The court decided against him and the Supreme Court of Canada never found other quarters.

Mr. DUNNING: And have not to this day.

Mr. BENNETT: And have not to this day. That was always the sort of tradition that attached to the story of the Supreme Court of Canada.

I ask this simple question: What are we going to do to make effective the provisions suggested by the minister? We have been making provisions of various kinds ever since we had an election law. We have been extending them year after year. I recall the observations of the then Minister of Justice who with the Secretary of State was dealing with the problem. The present Minister of Finance referred in a cynical way to the small effect that such legislation would have upon human conduct and action. At that time we were dealing with the question of impersonation, familiarly known down here as telegraphing. In western Canada we do not know it by that name and for obvious reasons we have had very little of it. I was much impressed then by the observations of the present Minister of Pensions and National Health in connection with the proposed legislation. He did not think it would accomplish much; I am not familiar enough with conditions to say whether it did or did not. But are we going to have this legislation accomplish anything, or are we going to fold our hands and say: Behold what we have done; look upon our goodly works! The same old story will go on and on in the same old way. Not so publicly, but nevertheless it will go on

because we have not made the punishment fit the crime, in the language of the Mikado.

If we are going to pass this legislation, then an inevitable result must follow. And it must follow by summary process, by a summary judicial effort. It must not be necessary to deposit a thousand dollars, it must not be necessary to meet all the technical requirements now in the act. The inspector general of elections should be in a position, at the request of any elector in any constituency, to demand that action be taken and that that action should be summary. A man should forfeit his seat upon proof of an illegal condition existing. If he says he did not know, that is no excuse. It is the job of a candidate to know what is being done. That is the reason he is a candidate. If we once open the door by saying that all that is needed is to say that a candidate has no knowledge, and therefore the result of the loss of his seat does not flow from the proof of these conditions, you will be destroying entirely the efficacy of the law.

If we mean business, there is just one thing we must do. We must provide for summary process. In order to promote the effective and efficient administration of the law we must not hedge it about with conditions that make it impossible for the average man to take action. I am as satisfied as I could be of anything in the world that once we provide for summary process of dealing with these offences, you will see such a change in the electoral life of this country that you will hardly know it. I doubt if there is any greater offence against the sound conduct of elections, even in the payment of money for votes, than to have someone say on behalf of the government, "I promise you this if you will do so and so." I want hon. members to release me from any desire to make any personal application of this. That is a phase of it upon which I thought the minister was going to touch.

Mr. POWER: I shall come to that.

Mr. BENNETT: It might have been done better in the minister's opening statement.

Mr. POWER: On another bill.

Mr. BENNETT: That is very gratifying. It will probably have an effect upon all of us. When I say "all of us," I mean men in office and men who might be in office. As I do not intend to be in office any more, it is simple and easy for me to talk from a dispassionate viewpoint.

May I dwell once more upon one phase of this matter? We must by some means provide for a result when there is a violation of the statute. This measure as presented by the minister is admirable, but there are some expansions possible. I shall not go into them until we have the particulars; it is idle to talk about details when we have not seen the measure itself. But it will have to be expanded if we mean business. If we are to do something worth while, if we are to prevent the racketeer and the hoodlum, this combination which has been bleeding all parties during the years, from carrying on, we must provide a punishment to fit the crime. If a candidate is likely to lose his seat he will not have this combination going around handling his election. The minister quite properly puts his finger upon it. He has had more to do with elections than I and he knows what he is talking about. He said with great frankness that the danger lies in the fact that you have this type of person dealing with a situation about which he does not want the candidate to know anything, and about which the candidate does not want to know anything—where the money comes from that runs the election.

That is the only phase of it that I should like to dwell upon. It is the only hope I have for any improvement in conditions. I shall discuss the question of compulsory voting on another occasion when another bill is before us. I do not think it properly comes under this resolution, but apart from all that let me say that if we are to make this measure effective there is just one way to do it, and that one way we should follow. Legislators are always very careful about matters of this kind because they realize sometimes that they have an election to run in the not too distant future. They are always concerned about it. Here is a test of our citizenship. Here is a test of our love of democracy. Here is a test of our sincerity in dealing with realities and not with academic questions. Are we prepared to provide by summary means through a proper official that violation by an elected member of the provisions of this proposed legislation will mean the loss of his seat? If we do that, then we shall have really made a step forward, as they have done in other countries.

I confess, Mr. Speaker, that it was the hope of the late administration that we might be able to deal with some of these matters, and we had information prepared for that purpose, but the pressure of many things which the present government has happily escaped made it not easy to do very many things one would like to have done. But here is something which the government has brought into this house, and which each one of us can help to make effective, not as a party matter, but as representatives of this

Dominion of Canada, under a representative system of government. If we mean what we say and say what we mean, then by providing for summary punishment by the loss of a seat in this house for violation of the provisions of this law, we shall have made a very long step forward and shall have made real progress—and progress, as I always say, is a change for the better, not mere change.

That is all I care to say at the moment, Mr. Speaker. I should like to examine the bill in its details before saying that to all its provisions I can give my support, but with the broad general principles that characterize the legislation I am certainly wholly in accord.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, it is not my intention to make a speech but I should like to express a word of support for the measure as presented. One cannot sit in this house for any number of years without coming under the temptation of being somewhat cynical. However, I confess I was stirred by the appeal of the minister and I shall gladly take it at one hundred per cent value. We in this corner welcome this move towards cleaner elections, which, I agree with the minister, are essential if we are to maintain democracy.

Mr. R. A. PELLETIER (Peace River): Mr. Speaker, my only purpose in rising at this time is because of the experience we have had in this house of a bill not following exactly the terms of the resolution upon which it was based, and I believe the hon. member for Comox-Alberni (Mr. Neill) is in a very good position to support me in that contention.

I must say that I had hoped that the legislation to do away with corrupt electoral practices would be much more sweeping than is indicated by the resolution before us. However, the minister mentioned that another bill would be brought down as supplementary legislation.

Mr. DUNNING: It is on the order paper now.

Mr. PELLETIER: Thank you. I cannot help recalling, Mr. Speaker, the remarks made in this house some time ago by the Prime Minister (Mr. Mackenzie King), who told us that the things we had said were nothing but shadows and the government had no intention of fighting shadows. But I contend that the minister has perfectly justified us to-day because in introducing this legislation he said in effect that the present electoral system was bringing our elections into disrepute. He did not particularize but he did imply that there was something radically wrong with our electoral system; so I think it is clear that we were not speaking of shadows at all but of things that actually existed, indicating that action was necessary.

The Prime Minister not very long ago explained to me how a petition could be presented under the Corrupt Practices Act, chapter 51 of the revised statutes of 1927, which provides that twenty-five or more electors may present a petition upon the deposit of $1,000, and so on. I suggest that if we want to have cleaner elections in this country we should eliminate this requirement of $1,000, as the leader of the opposition himself suggested. I realize that if that were done it might be said that all and sundry would be bringing petitions to the attention of parliament without proper justification, condemning elections held in various parts of the country. I suggest that instead of asking any individual or body of citizens to deposit $1,000 before making any such charge, the deposit requirement be eliminated on the understanding that if the charge failed of proof a certain amount of money should be forfeited for the trouble that had been caused. I hope that suggestion may be looked into by the committee to which this bill will be referred.

The language of the resolution is:

That it is expedient to introduce a measure respecting political expenditures—

It makes no mention of political contributions. It is important to have the words "political contributions" in the resolution, because we remember how a bill founded upon a resolution was brought into this house which, in our opinion, did not carry out the intent of the resolution. Perhaps the minister will give us the assurance that political contributions will be included.

Motion agreed to and the house went into committee, Mr. Sanderson in the chair.

Mr. NEILL: Mr. Chairman, if no one else is going to speak I should like to say a few words, and I hope that any criticism I may make will not lead the minister or the house to think that I am not heartily in accord with the principle of this resolution. No one, I think, would doubt that, and no one, I think, would oppose the principle of the resolution. But there are one or two points on which I should like a little more information, and perhaps the minister may be able to give it to me in committee.

He spoke of a corporation sole. To my lay mind that carries visions of an incorporated company, and of the expenses that go with incorporating it. I am not clear on that point.

Mr. POWER: There will be no expenses.

Mr. NEILL: That relieves my Scotch soul.

Mr. DUNNING: You can be a corporation without any expense to yourself.

Mr. NEILL: Thank you. I also understood the minister to say that the amount would be based on the number of electors. Is that the number of electors on the voters' list, not those who actually voted?

Mr. POWER: On the list.

Mr. NEILL: That may lead us to see that as many get on the list as possible. I presume, too, the amount would apply to every candidate, whether there was one or six running, that each candidate would be allowed the same expense?

Mr. POWER: Yes.

Mr. NEILL: That is satisfactory. The minister also made some remark about each electoral district being charged, if I understood him, a pro rata allotment of the total national funds of each party.

Mr. POWER: That would not apply to my hon. friend, who, I take it, is an independent.

Mr. NEILL: I do not want to have anyone running in my seat charged with the expenses of one or other of the parties.

Mr. POWER: Provision is made for independent candidates.

Mr. NEILL: Thank you. Then I understood that he spoke about five pence or six pence, which, the leader of the opposition suggested, would be about ten cents. Am I right in suggesting that possibly that would be the amount?

Mr. POWER: There is no fixed amount in the bill.

Mr. NEILL: Well, will not that have to be inserted?

Mr. POWER: That is left to the committee.

Mr. NEILL: I see. Well, anything like ten cents, as suggested, will be wholly inadequate in a sparsely populated district. In the cities perhaps it would be too much, but in large areas such as the district I represent, and I think also the districts represented by my hon. friends from Cariboo and Skeena it would be utterly impossible to run an election on any such sum as is represented by ten cents for each of the voters, because the expense of canvassing these sparsely settled areas is very great.

I believe it was indicated that contributions to party funds would be published. On the face of it that is an admirable idea, but it is provided for now. The act requires each candidate to publish a statement of all his election expenses and how they are contributed. The way they get around that requirement is to state that a certain amount is contributed by "Mr. Jones and others"—which of course renders the whole thing invalid. If it were made obligatory to give the names of everyone who contributed it would meet the circumstances to a large extent.

Another point upon which, I believe, the leader of the opposition touched, and which may be dealt with in another bill, relates to this matter of election returns. As the successful candidate is compelled, as he should be, to put in the returns of his expenditures, the defeated candidate ought to be compelled to do the same. I can see no reason why the unhappy candidate who succeeds is subject to the loss of his seat, while the man who has done all kinds of corrupt things against him simply says, "Well, you can't unseat me; go to it."

Mr. POWER: The returns are automatic under this bill.

Mr. NEILL: That is very good. I was talking about the publication of contributions. I foresee this possibility of a danger which the minister probably has foreseen and guarded against. There should be some reasonable limit, some low point below which the names of donors would not be published. One can understand the situation of a man holding some small government position, or, someone working on the roads who might be asked by the government road foreman to contribute a five dollar bill to party funds. It would be very difficult for such a person to refuse to do so, and if he contributed, the money might go to the support of a candidate with whom he was wholly out of sympathy. Then after the election is over, the opposition perhaps having been returned, they look up the lists and everyone who contributed five dollars to the campaign funds of the losing party would be discriminated against in the way of road work or things of that kind. I suggest that small amounts, say up to fifty dollars, should not have to be recorded.

Mr. DUNNING: No civil servant will ever contribute under a law like this. Of course he will not.

Mr. NEILL: He might want to. Or he might be advised that it would be to his interest to do it, and it might be very difficult for him to refuse.

There is another point I should like the minister to deal with. Eventually the amount will be stated in the bill; I assume it will

be so much for each district. How is a candidate to know until the election is over how much it has cost him? I suppose that very few of us in the bigger districts know within five hundred or a thousand dollars what an election is going to cost until it is over. The candidate will have this haunting fear over him all the time that when the election is over it will be found that he has exceeded the amount allowed by ten dollars, fifty dollars, a hundred dollars. It seems to me there should be some provision by which that can be avoided.

There is another point. The minister says, we will be very strict and say that we must not pay any illegal expenses or even legitimate expenses beyond so much. I think he said that if we had to disclose the names of every person to whom we pay sums of money in connection with an election many people would not ask for any return for their services. That sounds very well, but there is this other side to it. Supposing I hire a man to go to a certain logging camp, perhaps for nothing more than to put up notices that there is to be a meeting there, and it takes him three days, and he asks for fifteen dollars and his expenses: if I pay him that money I have indicated my appreciation of his services, and I am under no further obligation to him. I have paid for that service a man who is perhaps in poor circumstances and may have lost some days' work; it is a thoroughly justifiable and legitimate proceeding. But if he is prevented from accepting money or I am prevented from paying him, then the opposite side of the picture comes around. When the election is over he comes along and says, "I am a poor man; I lost several days working for you; what about it?" I shall have a political claim upon me which I am not entitled to recognize and which perhaps I am unable to recognize. If I had paid him a justifiable remuneration for his work I would not be under the same obligation to him as if he were able to say, "I have worked for you for nothing." That phase ought to be dealt with, or we shall be instituting an evil almost as great as the one it is desired to get away from.

There is just one other remark I should like to make in connection with something which was said by the leader of the opposition, although I understand he was dealing with what it now appears will be dealt with under another bill. He emphasized very strictly that the measure will have no effect at all unless the member concerned will lose his seat by a summary process if he or anyone representing him has been guilty of any infraction, however slight. If that is carried out in its entirety, no member will be able to sit here, because it is an almost impossible requirement, and it would be unfair. I am willing to go the whole length where a connection with a candidate can be shown. If the candidate has been guilty of or has lent himself to any corrupt practice, by all means unseat him. But one can conceive a case in a sparsely settled district or in a large city where a perfectly honest man, representing the candidate at a little polling station, has done something which is technically illegal. Perhaps some one has rung up and said, "I want to go down to vote"; it is voting time, and in his enthusiasm the helper sends a taxi out for that particular person, yet because he has done that the member will be unseated. That sort of thing is not in conformity with the intention of our laws, and if it is attempted to enforce it strictly, the very opposite effect will result. Judges will hesitate to unseat a man on such inadequate grounds. I can see the point when the leader of the opposition says, "You must not begin to tinker with the law, the only way is to have it strict." Yes, have it strict, but also have it work in a reasonable way. I have no doubt that my right hon. friend, as a great lawyer, knows cases where the very strictness of the law has led to its non-enforcement. I know of cases in British Columbia where it was desired in a small way to stop the evil of what is called pit lamping.

Mr. BENNETT: "Hard cases make bad law."

Mr. NEILL: The right hon. gentleman has put it in a nutshell. If you make the penalty too strict the law will not be enforced. My right hon. friend has expressed it much better than I could.

Mr. BENNETT: Those are not my words.

Mr. NEILL: We know of cases before a supreme court judge where a man, because he was personally entirely innocent of wrongdoing, has been relieved of penalities to which he would otherwise be subjected. But if the candidate is guilty let him be unseated, as far as I am concerned.

Mr. HEAPS: I appreciate the statement that has been made by the minister with reference to this bill. I realize how many difficulties stand in the way before we can have what we might term clean elections, but I feel that it is the desire and intention of every hon. member that the elections should be conducted in as clean a way as possible, and that so long as we continue in haphazard fashion as we have done in the past it will

be difficult, for the reasons outlined by the minister, to have the elections conducted as we should like them to be. The suggestion I am about to make to the minister and the committee is not a new one. Compulsory voting was, I believe, put before the house first by the leader of the opposition; it was discussed by the committee which considered the elections act last year, and was rejected by that committee. I believe, however, that if it were put into effiect a good many of the difficulties of the past with regard to conducting clean campaigns would automatically disappear. I have in mind the example of Australia, where they have compulsory voting and where little is known of the difficulties with which we in Canada are confronted.

Mr. BENNETT: They had them once.

Mr. HEAPS: They may have had them in years gone by, but now as a result in part of compulsory voting there, that difficulty does not arise. I believe that in one of the last elections in the Commonwealth of Australia over ninety per cent of the people voted. If people were compelled to vote, or, if they were not in a position to do so, compelled to give some valid reason for not voting, the appeals that we have to make at the present time to people to vote, as we have to do in most constituencies, would automatically disappear. I would ask the minister, therefore, in his wisdom to consider the question of compulsory voting as one of the means of overcoming the difficulties that now operate against perfectly clean elections. I am sure it is the desire of every member of the house to see that result brought about.

Resolution reported, read the second time and concurred in. Mr. Power thereupon moved for leave to introduce Bill No. 90, respecting political expenditures.

Motion agreed to and bill read the first time.

Mr. BENNETT: Is this bill to go to the committee?

Mr. POWER: It is to be referred to the committee immediately on second reading.

Mr. BENNETT: That is, the special committee?

Mr. POWER: Yes. If there is no objection, I might move the second reading.

Mr. BENNETT: I think we should see the bill first. It is undesirable to refer to a special committee a bill we have not seen. The minister will appreciate that point.

Mr. POWER: Certainly

[Mr. Heaps.]

ELECTIONS AND FRANCHISE

MEASURE RESPECTING FRANCHISE OF ELECTORS, ELECTION OF MEMBERS OF HOUSE OF COMMONS AND PRINTING AND PUBLICATION OF ELECTION DOCUMENTS

Hon. C. G. POWER (Minister of Pensions and National Health) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure respecting the franchise of electors and the election of members of the House of Commons and to make provision for the printing and publication of the Dominion Elections Act and instructions issued thereunder, the printing of voters' lists and other election documents, including forms and ballot papers, and to provide for the salaries or other remuneration of certain officers and employees.

He said: The bill which will follow this resolution is entitled, "An act respecting the franchise of electors and the election of members to the House of Commons." As drafted, it puts in legislative form the recommendations of the committee on elections which has sat during the past two sessions of parliament. It will be remembered that to that committee were referred the questions of proportional representation, the alternative vote, compulsory registration, and compulsory voting. There were also added, under a resolution of this house last year, instructions to make a study of methods employed in bringing about redistribution. With respect to this latter question no report has been made. As regards the first-mentioned matter the committee has made a report after a full and comprehensive study of proportional representation. May I commend to the members of the house the reading of the memorandum supplied to that committee by its counsel with regard to the alternative vote and proportional representation. After a complete study, and having examined into the legislation of countries wherein those systems are in force, the committee came to the decision that the alternative vote and proportional representation, however excellent they might be, were not suitable to conditions in Canada.

Mr. MacNICOL: They have very little excellence.

Mr. POWER: My hon. friend says they have very little excellence, and as far as I know he was one of the most assiduous students of those systems. If he has come to the conclusion that they are not to be recommended to the house I, for one, am quite willing to follow in his footsteps and concur in his suggestion.

With respect to compulsory registration and voting, one depends upon the other. I think the committee pretty well came to the conclusion that there could not be compulsory voting unless there was compulsory registration. I do not intend to go into the details of that discussion. The point is that the committee studied very carefully all phases of compulsory voting and registration. As the leader of the opposition has said, information was obtained from Australia, which, I am told, is the only country in the world that has in force absolutely compulsory voting. Other countries, I understand, have some approach to it, but Australia has it in an absolute form. As I say, the committee made a very careful study. It was found, I believe, that compulsory voting had a tendency to decrease abstentions; that was admitted. It was the opinion of the committee that compulsory voting was not practicable without compulsory registration. I am speaking now only from a reading of the reports and from information, because it was not possible for me to attend many of the sittings of the committee. Therefore, if I am inaccurate in any of the statements I make, I have no objection whatever to being checked up by any member of the committee who attended last year.

It was also considered that, in view of the fact that the closed list was to be abolished, at least in rural constituencies, it was extremely difficult to bring in compulsory voting or registration without having the closed list in existence, because one of the sanctions of compulsory voting would be the dropping from the list of the name of the person who did not vote at the previous election. If there were an open list, however, there would be very little point to it.

Mr. BENNETT: That penalty was provided in British Columbia, where they had compulsory voting, but it has not always been included in compulsory voting legislation.

Mr. POWER: It was not in all, but it would appear to me to be almost fundamental that, if compulsory voting is adopted, provision should be made for dropping a person's name from the list if he did not vote. If there are open lists, there is no fixed list at all. The only alternative would be to provide that in case a man wanted to vote, say at a general election, he would be obliged to make some declaration such as this: "I did vote at the last election"; or, alternatively: "I did not vote, the reason being that I was caught in a snowstorm."

Mr. NEILL: In Australia they fine them.

Mr. BENNETT: The matter is dealt with by a provision for registration that takes place between the elections.

Mr. POWER: That question of provision for registration can apply only to closed lists.

I come now to the other sanction in compulsory voting, namely, prosecution. It was found by the committee, I believe, that prosecutions in Australia, were most infrequent and that almost any excuse was considered sufficient. I may be wrong in my figures, but I am under the impression that over quite a period of time only some three thousand persons were prosecuted in Australia.

Mr. BENNETT: There is provision there by which the chief electoral officer receives information with respect to these matters, and he determines whether or not prosecution should take place. I think in the last election something over ninety-one per cent voted.

Mr. POWER: I think that is correct; over ninety per cent of the people voted. The finding of the committee was, I understand, that the number of abstentions was considerably decreased. But we must remember also that the Australian system of voting differs considerably from ours. There one can vote under almost any conditions. One can vote by mail; one can vote in any polling subdivision in the province or state in which one resides. One can vote by what is called declaration, in case an elector's name has been omitted from the roll. So that would have a tendency to bring up the number voting. And one can register by simply sending a letter to the registration officer and receiving from him some kind of receipt. As I said, I did not follow all the discussion, but apparently the committee decided unanimously that compulsory voting and registration are not to be recommended. Since we have been considering these election bills, almost every hon. member who has discussed them with me seems to think the problem can be solved by the introduction of compulsory voting. It appears to be the general opinion both in the house and outside that compulsory voting would bring to the polls a very large number of people who do not now trouble to come. Whether that is true, I am not in a position to say because I have never given it sufficient study.

Mr. MacLENNAN: Not only would it bring more to the polls, but it would prevent them from putting cars on the road and asking the candidate to pay for the cars. It would eliminate that expense.

Mr. POWER: That may be so; I do not know. All I know is that compulsory voting was carefully studied by the committee of thirty members of this house during two years, and as far as I have been able to ascertain, that committee unanimously reported against it.

Mr. HEAPS: Not unanimously.

Mr. POWER: In view of the strong support among the public and in this house for compulsory voting, I would make this suggestion to the committee about to be set up, that they study this question at least once more in order to be able to give the house a clear and definite opinion as to whether or not this system should be accepted in this country.

The disposal of these matters, that is, proportional representation, the alternative vote, compulsory registration and compulsory voting, cleared the way for the preparation of an elections act. It was decided by the committee that the franchise act and the elections act of 1934 should both be repealed and one act substituted. It was decided that the system set up under the 1934 legislation, by which there was an annual revision of the electoral lists, should now be discarded and there should be a reversion to the procedure established under the Dominion Elections Act of 1930 whereby the preparation and the revision of the electoral lists were made after the date of the issue of the writ. It was recommended that a provision for absentee voting enacted in the 1934 legislation should be dropped. I believe it was found on investigation that the procedure was most costly, most complicated, and, moreover, ineffective. I have before me certain figures which indicate how costly the system was. Out of a total of 5,354 ballots there were 1,553 rejected, leaving only 3,801 valid ballots. The total cost of absentee voting was approximately $250,000, or more than $46 per electoral vote, and more than $65 for every valid ballot cast. The committee therefore recommended the abolition of absentee voting.

Mr. NEILL: Has the minister the cost of advanced poll votes?

Mr. POWER: I have not.

Mr. NEILL: For the purpose of comparison.

Mr. POWER: I do not know whether a comparison was made or not. I am referring now largely to the report of the committee. Connected with both the franchise and election machinery is the question of the respective merits of open and closed lists. An open list means that any person who is duly qualified as an elector in a rural polling division, but whose name does not appear on the final list of electors for such division, may vote by taking certain appropriate oaths and being vouched for on polling day. A closed list means that any otherwise qualified person whose name is not on the list may not vote at all. Open lists were authorized, in rural polling divisions only, at the general elections of 1921, 1925, 1926 and 1930 and at all by-elections held between 1920 and 1934. During that period urban polling divisions were those comprised in cities and towns of specified population. The minimum population required in any city or town to be treated as urban has varied with different years. In 1920 the minimum was 1,000; in 1921 it was set at 2,500; in 1925 it was set at 5,000; in 1929 it was set at 10,000, and in 1938 it is proposed to set it at 3,500.

The chief electoral officer informed the committee that during the period 1921 to 1926, with the exception of some abuses committed by summer residents in a few localities, the open lists appear to have given entire satisfaction.

In 1929, by amendments to the Dominion Elections Act, I think the question of summer residents was satisfactorily disposed of. Special legislation was provided, and as far as I am aware no complaints have been heard since that time.

It is provided in the bill, on the recommendation of the committee, that the chief electoral officer is authorized to declare urban any polling division of which the population is transient or floating, or where large gangs of men are employed at some special work.

In a locality wherein the population is less than 3,500, it is considered that closed lists are not necessary, because the people living within those localities know one another. I do not believe there is the great danger which exists where people are strangers to one another, and where the population is greater.

The committee devoted considerable time to the study of a matter mentioned by the leader of the opposition, namely, personation or, as it is sometimes called telegraphing. This is an extremely difficult matter to deal with. The person who commits the crime of personation lays himself open to the most severe penalties. Penalties as severe as could possibly be provided are already provided in the legislation; so I do not think any useful purpose would be served by increasing them.

What is sought is some means of preventing the organization of telegraphing. The former Secretary of State (Mr. Cahan), who, I am sorry to say, is not at the present time in his seat, has on numerous occasions accurately described the offences committed by gangs of paid telegraphers.

Mr. BENNETT: They have at certain points the costumes to be used as disguises.

Mr. POWER: In other words, it is organized business. Certain gangs, mostly from the United States, will undertake to poll so many votes at an election.

Mr. BENNETT: For so much money.

Mr. POWER: Yes, for so much money. On many occasions the former Secretary of State has pointed out the difficulty of dealing with that kind of thing. I am told that it exists only in the cities of eastern Canada; that perhaps the western boundary is the Ottawa river and the other boundary the New Brunswick border.

Mr. BENNETT: It was practised in Kingston during the last provincial election. I have the evidence of the case.

Mr. POWER: A great deal of thought was given to finding some means of overcoming these telegraphing difficulties. This expedient was hit upon, namely, of giving to each householder in every dwelling house in a polling subdivision a full copy of the list of electors in that particular poll. In other words, if there were three hundred dwelling houses in a poll, there would be three hundred copies of electoral lists distributed. I believe it would not be necessary to have all children of voting age receive a copy. In actual practice I suppose they would see one. This procedure would have the effect, first of all, of bringing on the electoral lists large numbers of names which normally would be omitted, because the people affected would not, unless they saw the list, take the trouble to have their names added. Neighbours would tell them that their names were not on the list and they would register. Second, it would clean the electoral lists, because people would see names such as John Jones or William Smith, and would know that those men had died five years ago. They might complain to the electoral officers asking that the names be removed from the list. Again, a person might see the name of someone who had changed his place of residence, or of someone who did not have the proper qualifications. At any rate, it would place where it actually belongs, namely on the individual citizen, a certain amount of responsibility for seeing that we have clean electoral lists.

Mr. STIRLING: Does that take care of the apartment houses?

Mr. POWER: A dwelling house would include each dwelling within an apartment house. It is in apartment houses, boarding houses and places like that where this legislation would, I believe, be most effective.

A large number of further amendments were suggested in the committee's recommendations, all of which have been incorporated in the bill. Therefore, so far as the chief electoral officer and counsel for the committee have been able to carry it out, this bill expresses the will of the committee, and is an interpretation of that will in legislative form.

Of course there are certain routine provisions which have been in every electoral act for many years, and those provisions are retained in the bill. Certain clauses which were in the franchise act of 1934 have been dropped, however, and I think it is only fair to call attention to them. The disqualification clauses of section 4 of the Dominion Franchise Act, 1934, have been changed by the elimination of clauses (x) and (xii) of subsection 1. The clauses eliminated are as follows:

> (x) every person who is an inmate of an institution which is maintained by any government or municipality for the housing and maintenance of the poor;
>
> (xii) in the province of British Columbia, every Doukhobor person and every descendant of any such person, whether born in that province or elsewhere, who is by the law of that province disqualified from voting at an election of a member of the legislative assembly of that province.

Those clauses have been dropped from the disqualification section. However, I want to add that with those exceptions, in so far as counsel and the chief electoral officer have been able to do so, the bill carries out the wishes of the committee. Nothing has been added by officers of the crown, or by the government. There may have been some slight changes made at the suggestion of the chief electoral officer. Moreover, I have not endeavoured to make the changes which would make this election bill conform to the elections expenditures measure, because the committee have not as yet dealt with it. As can readily be understood, quite a number of the sections of the elections act, proper, would necessarily be altered or modified by the operation of the measure affecting election expenditures.

Mr. STEVENS: Would the minister be good enough to repeat his statement with respect to the deletions?

Mr. POWER: Two clauses have been deleted, one dealing with the aged poor, and the other, which may interest the hon. member, dealing with the Doukhobors. Clause (xii) which I have just read, and which I

would repeat, if the hon. member so wished is being dropped in the present instance.

Mr. REID: Was it dropped by the committee?

Mr. POWER: No; as I understand it, the committee did not consider the matter.

The duty which now devolves upon the committee is to review the bill in the light of these recommendations, and to see to it that they are carried out in legislative form in the bill which will be placed before the committee. Because it was not considered advisable to introduce any new matter in the bill, it was thought well that certain amendments which, in the view of the government, might be of some use in any election act should not be introduced in the bill, but should be mentioned in the house so that they might be studied by members of the committee during the course of their deliberations.

It is suggested that examination be made into the practicability of inserting in the elections act a section or sections which would prohibit a candidate from seeking election on the ground, first, that he will, if elected, exert himself more actively or effectively than an opponent to promote the expenditure of public money in making money payments to any individuals, groups or organizations and, second, that the party or group of which the candidate is a supporter will, if it acquires power, consider proposals for making such expenditure more favourably than an opposing party or group. The language is not necessarily drafted in the form in which it will be submitted to the committee, but I think every hon. member will understand the principle involved.

There is another suggested amendment which would make it an offence for any person or persons, either singly or conspiring together, to endeavour to put force or constraint upon any speaker at a public meeting. In other words, this would do away with the practice which exists in some provinces—to some extent in my own province at any rate—of conspiring to break up public meetings by force. There may be some objection to this amendment on the ground that heckling and questioning are fair and legitimate. I believe they are, but the prevention of attempts to stop a candidate or a person discussing a public policy from speaking is something that can be done by legislation. Such a practice should be stopped if at all possible.

Another suggestion is to curb, if not to eradicate entirely, the practice which has grown up in recent years of submitting candidates to what I personally call a perfect plague of questionnaires, pledges and written undertakings that he will take such and such a course of action if elected. I am informed that this amendment may be very difficult to draft. It will be said perhaps that it is a negation of democracy. I am informed that in certain constituencies there were submitted to the unfortunate candidates no fewer than eighteen of these questionnaires, ranging all the way from pledges to abstain from the corrupt use of liquor during the election, a matter which is amply covered by the act, to pledges for the protection of property owners, a purely provincial matter. Our contention is that this forces a candidate to make a pronouncement, under duress, so to speak, on matters of which he cannot, during the election period, have had time to make a comprehensive study. It takes away from him and from the people themselves certain rights and is to some extent a negation of our democratic system of government whereby every member of this house represents all the people of Canada and not any individual class or section.

Mr. BENNETT: The bonus demand in the United States was the best illustration of that.

Mr. POWER: Yes. This practice would tend to make members of parliament mere delegates of classes or sections of the community, whereas those of us who still adhere to the old-fashioned theory, as laid down by Burke to the sheriffs of Bristol, believe that a member of parliament represents all classes and all sections and all people of this Dominion of Canada.

That is about all there is to be said with respect to this bill. The suggestions which I have mentioned will in due course be placed before the committee which, I am sure, will deal with them in its wisdom as it sees fit. When the appropriate time comes, I shall move that the bill be referred back to the committee from which to all intents and purposes it came so that it can be put into final shape.

Mr. E. E. PERLEY (Qu'Appelle): Could the minister tell me if the government has given any consideration to the alternative vote in the western provinces? I was a member of the committee although I was not able to attend all the sittings. I know the majority of the members were not in favour of the alternative vote, but the minister has made reference to the fact that a member should represent all classes. I think if he reviews the votes in the last three elections in Saskatchewan, he will realize that all classes

are not represented properly. I believe the introduction of the alternative vote is the only way to bring this about.

I have before me the figures for the last three elections in Saskatchewan. It was interesting to note that in the 1930 federal election the Liberal party polled 153,673 votes to elect eleven members; the Conservative party polled 129,420 votes to elect eight members, and all others polled 47,000 votes to elect two members. The total number of votes in that election was 330,093. In the 1934 provincial election there were 424,682 votes polled, or nearly 100,000 more than the number cast in the 1930 election. In this instance the Liberal party polled 206,191 votes to elect fifty members; the Conservative party polled 114,973 votes to elect no members, and the Cooperative Commonwealth Federation polled 103,518 votes to elect five members. In this instance the representation was not fair as far as the general public was concerned.

In the 1935 federal election the total number of votes polled was 262,404. I would direct the attention of hon. members to the fact that the total vote had dropped nearly 200,000. It will be seen what compulsory voting would have done in this case. A great number of people never came out to vote and possibly that influenced the results. The Liberals polled 107,427 votes to elect sixteen members; the Conservatives polled 55,402 votes to elect one member; the Cooperative Commonwealth Federation polled 50,675 votes to elect two members, and the social crediters polled 48,900 votes to elect two members.

In 1935 a private bill to amend the elections act was introduced into this house, and this bill, which was eventually taken over by the government, came up for consideration at the very end of the session. I remember the present Minister of Justice (Mr. Lapointe) asked the government to withhold the measure because a discussion would prolong the session. He gave general support to the idea of the alternative vote being practised in one or two of the western provinces. The opposition, as well as the government members, gave a general expression in favour of it. However, because of the nearness of the close of the session it was decided to drop the matter. When we consider the vote in Saskatchewan in the last three elections I think we must realize the need for compulsory voting and the alternative vote. If the government would like to put this into force all over Canada, it would be all right with me.

Mr. LAPOINTE (Quebec East): Is my hon. friend in favour of the alternative vote being applicable to only one section of the country?

Mr. PERLEY: I would be quite prepared to have it applied to all Canada, but I think the results of the last three or four elections in Saskatchewan are evidence of the need for it there.

Mr. J. R. MacNICOL (Davenport): As a member of the committee I should like to say a word in support of the general principles of the bill to be founded upon what the minister has said. Perhaps I might take a minute or two to explain why the committee did not recommend compulsory voting. The committee went thoroughly into the question and had before them the for and against arguments from every country that had had compulsory voting in operation. Most members of the committee had looked with a certain amount of favour upon compulsory voting; but, upon hearing the facts submitted, the committee decided not to recommend any such change. Compulsory voting had been tried in Switzerland, and had been a failure; it had been tried in Czechoslovakia, and had been a failure; it had been tried in Belgium and Holland, and had been a failure in both countries; it had been a failure in the Argentine; but apparently it was a success in Australia.

On the other hand, our present system of voting in Canada has not been such a dismal failure. It is true that in Australia, under compulsory voting, the percentage of those voting increased materially. The percentage voting in Australia under compulsory voting is between 91 and 95 per cent. On the other hand, the informal vote has been as high as 11·35 per cent. In Canada in the last general election the percentage of those voting was 74·17 per cent. That rose in Prince Edward Island to over 80 per cent, and in many individual ridings the number voting was between 85 and 90 per cent. In two ridings it was over 90 per cent. So Canada has not so much to feel ashamed of in the percentage of those voting.

Mr. HEAPS: Was not the 1935 figure an exceptionally high average, namely, 74·17 per cent?

Mr. MacNICOL: I would say no. The percentage may have been higher in previous elections. I would take 74·17 per cent to be the average.

In the 1935 general election in Canada the number on the list was 5,918,207, of whom 4,452,671 voted, or 74·17 per cent. But in Canada the informal vote was approximately one per cent; that is, the spoiled ballots comprised approximately one per cent of the total vote, whereas in Australia the spoiled

ballots rose to 11·35 per cent. So in the aggregate, I doubt if we are very much worse off in Canada than they are in Australia.

The committee felt that if compulsory voting were adopted in this country, it would be necessary to provide against elections being held in the winter months of December, January, February and perhaps March, for a bad snowstorm on election day would mean a drop in the percentage of those voting and would result in a great number of people being summoned for not voting. Someone asked, while the minister was speaking, what was the number summoned in Australia for not casting their votes. Out of over four million voters on the lists, 3,750 were summoned and prosecuted for not voting.

I was not quite able to follow the minister and tell whether one of the suggestions that had been made by myself had been adopted. The suggestion was, I believe, allowed to stand for further consideration. It is one that would, I think, eliminate a good deal of the trouble and expense which now surround voting in the ridings, and I commend it to the Prime Minister (Mr. Mackenzie King), who, I know, desires to frame an act that will be one hundred per cent perfect. My suggestion is this, that if the government appoints the deputy returning officer for each individual poll, the opposition, or the party which had the second largest number of votes in the previous election, should appoint the clerk. My idea is this, that if we had two men from opposite parties in command of the poll in the subdivision, this would eliminate the necessity for scrutineers, which is quite an expense in any event; it would cut down the expenses of every candidate, and in the second place it would be difficult for either the returning officer, the deputy returning officer, or the clerk, to do anything irregular. If that proposal is not contained in the bill, I commend it to the Prime Minister's consideration.

The minister also said something about the possibility of preventing questionnaires from being submitted to candidates, and I am heartily in accord with that. I do not see how any candidate can sign a document committing himself to this or that particular thing if elected, without surrendering his independence to vote as he feels he should on the matters that come up in the house.

The hon. member for Qu'Appelle (Mr. Perley) said something about the alternative vote, and gave one or two instances in Saskatchewan; but for every instance he gave, ten could be mentioned on the other side to prove that the alternative vote has generally been a menace to constitutional government.

[Mr. MacNicol.]

In Australia, for example, in one senatorial election held under the alternative vote, 860,000 votes were polled by the Liberal party and seventeen senators were elected; 820,000 votes were polled by the Labour party and one senator was elected; and 173,000 votes were polled for the Farmers' party, with no senator elected. I could give scores of similar instances of the failure of the alternative vote. It is a greater menace than even proportional representation, and they are both menaces. I am glad that the committee recommended that neither of them should be adopted in Canada.

Mr. C. E. BOTHWELL (Swift Current): Mr. Speaker, since the hon. member for Qu'Appelle (Mr. Perley) has raised the question of the alternative vote, I think it might be well to put before the house the reasons why the committee rejected both proportional representation and the alternative vote. The question was referred to the committee and dealt with during the session of 1936. At that time we had three sponsors of proportional representation before the committee. We also had counsel for the committee make a study of proportional representation and the alternative vote. It may be well in the first place to put on record just what is meant by proportional representation.

Mr. BENNETT: Which system of proportional representation?

Mr. BOTHWELL: The system of proportional representation as defined by Sir John Fischer Williams is as follows:

> Proportional representation is the name given to all those electoral methods which aim at reproducing in the elected party the opinions of the electorate in their true proportions . . . all such electoral methods have this in common, that they reject the attempt to represent by one individual the electors resident in one geographical area . . . and require constituencies returning several members. The members thus elected represent the sections of electors whose votes have caused their election.

The best definition of alternative voting which was put before the committee was that of Hoag and Hallett, of the United States:

> The alternative vote has been devised to make it certain that in single-member constituencies no candidate can secure election unless he has behind him the support, if not of the majority of voters in a constituency, at least of a greater number than under the present system elects a member where there are more than two candidates.

Under proportional representation the method of voting—

Mr. BENNETT: —depends upon the system.

Mr. BOTHWELL: Well, the system that is generally adopted in English speaking countries is the one to which we gave the closest study. There are several different systems of proportional representation, but that most applicable to English speaking countries is the single transferable vote, and the other system most commonly used is the "list" system. The "list" system is used more particularly in Europe, although on occasion it has been used within the empire, but within the British Empire the single transferable vote is the system of proportional representation generally in use.

Mr. MacNICOL: Generally called the Hare system.

Mr. BOTHWELL: Yes. It was devised, I believe, by Thomas Hare, an Englishman, a great many years ago. The method of voting is to vote for the candidates in order of preference, 1, 2, 3, 4, 5, etc. In the first place, the Proportional Representation Society of Great Britain states that "a five to seven member constituency is the preferable form of constituency"; if there are less than five members to be elected in any particular constituency the proportional representation system does not work satisfactorily. The voter marks his ballot according to his preference, numbering it, let us say, from 1 to 5. After the votes are polled, when the results are being tabulated, a quota is arrived at in this way. The total number of votes cast is divided by the number of candidates to be elected plus one.

Mr. HEAPS: One vote.

Mr. BOTHWELL: And one added to the result. That is, if there are five candidates to be elected, the number of votes cast would be divided by six and one added to the result in order to get the quota. Any candidate on the first count of the ballots who receives more than the quota on the first count is elected, and the surplus ballots over and above that quota are then distributed among the other candidates.

Mr. BENNETT: Including the ballots of those who have been elected by reason of obtaining the quota.

Mr. ROGERS: That is, the excess ballots.

Mr. BOTHWELL: Yes. It is only the excess ballots that are distributed.

Mr. BENNETT: Quite.

Mr. BOTHWELL: And there does not seem to be any particular method of choosing which excess of ballots is to be used.

Mr. HEAPS: Oh yes, there is. The hon. member is not quite correct in that statement.

Mr. BOTHWELL: Well, that was the evidence given to us by this man Wright of Nova Scotia who came to Ottawa in order to give information to the committee.

Mr. BENNETT: We have the system in Calgary, and they have it in Winnipeg.

Mr. HEAPS: I have run into that system on several elections, and it is worked out on an exact basis.

Mr. BOTHWELL: Well, I have before me a report of the 1936 Manitoba election for the Winnipeg constituencies, and in studying the count in that election I find some things which are rather strange to me. For instance, on the first count Stubbs had 17,591 ballots in excess of the quota. Those were then distributed, and apparently Webb was elected on that second count. That is, a sufficient number of the ballots of Stubbs went to Webb to elect him.

Mr. HEAPS: May I point out to my hon. friend that there is a definite method by which that was done.

Mr. BOTHWELL: Then Webb's surplus ballots were not distributed. The transfer gave him surplus ballots, but his surplus was not distributed until the thirteenth count. In any event, to continue—

Mr. PERLEY: Will the hon. member explain how the ballots of Stubbs were distributed after the first count?

Mr. BOTHWELL: Well, there are quite a number of names here. Bardal got 334; Berry, 647; Benjamin, 359, and so on. On the distribution of that ballot it elected Litterick, giving him 17,971 votes, whereas the quota was 7,214, and it elected Webb by giving him a vote of 7,250, and the quota was 7,214. It is a rather strange count.

Mr. LAPOINTE (Quebec East): How many Stubbs' ballots were given to Webb?

Mr. BOTHWELL: One thousand six hundred and sixty-nine.

Mr. LAPOINTE (Quebec East): That is what elected him?

Mr. BOTHWELL: Yes. Well, there were two men elected on that first transfer of Stubbs' ballots—Litterick and Webb. Litterick's surplus ballots were then distributed, but Webb's surplus ballots were not distributed until the thirteenth count. Litterick's, for some reason which was not explained, were

distributed on the second count. I do not know that any of us noticed, when the witnesses were before the committee, that the count was made in that way. In any event there is no explanation of it.

Mr. BENNETT: Does that not depend upon the relative position of the firsts on the first count? The hon. member does not have it before him, but my memory is that the distribution takes place in accordance with the position of the firsts on the first count. Thus, if Litterick was fourth, when they reached the fourth they would dispose of his surplus ballots; but if Webb was, on the first count, sixth, his would be disposed of when that point was reached, and so on.

Mr. LAPOINTE (Quebec East): It must be done on some definite basis.

Mr. BENNETT: Oh, it is, I assure the minister. We have had the system in force in Calgary for mayor and council and in Winnipeg for mayor and council for long years. I took the trouble once to go over it with the city clerk, and I may tell my hon. friend that there is a definite method in dealing with it.

Mr. BOTHWELL: There were only two distributions there. They dropped the low man, the man with the lowest number of ballots, and his second choices were distributed, and so on, until you had the required number of persons elected. In each case the low man is dropped after the first two distributions.

Mr. MacNICOL: You deal with the elected ones first.

Mr. BOTHWELL: Yes. Then you take the low man and his second choices are distributed. In the alternative voting system you follow very much the same procedure. You strike no quota and have no surplus ballots to distribute, but you take the ballots of the candidate who has the least number of votes, and you drop him and distribute his second choices. There are said to be three hundred systems of proportional representation and the alternative vote in vogue, but for our purposes we confined ourselves pretty much to this system because it has been found the most effective.

Mr. MacNICOL: The Hare system.

Mr. BOTHWELL: Yes, the single transferable vote.

Mr. BENNETT: The grouping of constituencies would be the principal difficulty.

[Mr. Bothwell.]

Mr. BOTHWELL: Yes. We found that in Canada, if five constituencies were combined it would be practically impossible to put into effect the proportional representation system. The constituencies are too sparsely settled and too large. Many constituencies in this country at the present time are almost too large for a candidate to get over, and if you combined five of these the electors would probably never see their candidate at all.

This system of proportional representation has been tried in many European countries: Belgium, Denmark, Switzerland, Norway, Sweden, Finland, Germany, Austria, Poland, Luxembourg, Czechoslovakia, Esthonia, Latvia, Lithuania, Greece, Italy, Bulgaria, and France. Of these, five retain the system and apparently it works satisfactorily. These five are Denmark, Switzerland, Norway, Finland and Sweden. Other countries have given it a trial and many of them have actual dictatorships. In other countries, particularly Germany and Italy, they have not been able to elect satisfactory governments. I should like to read an extract with regard to the working of the system in Germany. Sir John Fischer Williams, writing in reference to Germany, says:

> It is the more necessary to examine the circumstances leading to the fall of parliamentary government in Germany because proportional representation was in use, and it has been asserted by many that the fall was due to the effects of P.R. The proportional system was not of the British type; it was different from the single transferable vote, with the free expression of choices which the latter affords. The German system was very rigid in form. The elector could vote only for a party as such: each party was given a number. The elector voted for, say, List No. 1, or List No. 5, or some other individual list; he could not vary names on the list or the order in which they appeared.

Mr. BENNETT: He had to vote the ticket.

Mr. BOTHWELL: Yes.

> The constituencies in which P.R. operated were much larger than is proposed in Great Britain.

However, we shall see what the results have been in Germany. In the first election after proportional representation went into effect there were twenty-four different parties or groups seeking election and twelve of those groups elected members, but no one party was in a position to carry on the government and there resulted government by compromise. In Poland the system of proportional representattion was adopted in 1921, and as a result of the election on November 5, 1922, the following parties were elected in the proportions indicated:

National Christian Union	163
Radical Peasant Parties	55
Moderate Peasant Party	70
Polish Socialist Party	41
Jews	18
Union of National Minorities	66
Ruthenians	5
Communists	2
Others	24

Again, no one party had a majority. In the Netherlands the system was adopted in 1917, and as a result of the election in 1922 the following parties were returned:

Catholics	32
Social Democrats	20
Anti-Revolutionist Party	16
Christian Historical Party	11
Liberty Union	10
Democrats	5
Other parties	6

In Denmark the system was adopted in 1915 and amended in 1920. The election results, April, 1924, were:

Liberals	45
Radicals	20
Socialists	55
Conservatives	28
Slesvig (German Party)	1

In Finland the system has been in operation since 1906. The results of the 1924 election were:

Social Democrats	60
Agrarians	44
Finnish Coalition Party	38
Socialist Labour Party	18
Swedish Party	23
Finnish Progressive Party	17

In Norway and Esthonia the results ended similarly; no one party was able to secure a majority to carry on the government.

Mr. BENNETT: But they did carry on.

Mr. BOTHWELL: Yes; but many of those countries that adopted the system of proportional representation, in the course of a few years became practically dictatorships.

Mr. HEAPS: Does the hon. member attribute that to the system of voting?

Mr. BOTHWELL: It might be attributed to that. We had evidence before the committee of countries in Europe where there were two or three elections inside of two years because no one party was able to carry on the government.

Mr. HEAPS: Did we not have the same condition here in 1925-26?

Mr. BOTHWELL: That happened, apparently, in one election in Canada. The committee found that in most countries the elections were much more frequent than they are here, and governments did have difficulty in carrying on. In that conection I should like to refer to an editorial in the Winnipeg Free Press of March 26, 1938. Apparently the Free Press has always been very favourable to proportional representation and the alternative vote; yet in that editorial they say:

> Throughout the session of the legislature just prorogued the results of lack of leadership by the government were painfully evident. The principle of responsible government was for the most part renounced. When that happens in any legislative body, it is like a vessel on the high seas with no one at the helm, driven hither and yon by the changing winds.
>
> But what could be expected, with the government having a precarious hold on office—out on a limb so to speak? Towards the end of the session the views of the government were disregarded, and things which the head of the government was known to disapprove were done. And, because of the uncertainty of the government's position, the problem of Winnipeg's financial difficulties was dealt with in an arbitrary and extremely unreasonable way. It is safe to say that the result would have been different if there had been responsible government—by any group or combination of groups—instead of the state of disorganization that existed.

And the final paragraph says:

> Instability of government, such as has existed lately in Manitoba, is entirely unsatisfactory and cannot long endure. In one way or another, we must have settled government with responsibility definitely placed. It can be done, no matter what the circumstances, and the people of Manitoba, in their own interest, must see that it is done.

The following is in the published proceedings of the committee, but I think it might be well to draw the attention of the house to some remarks which have been made by those who have made a study of proportional representation. George Horwill, in his work describing proportional representation, says:

> A serious defect of proportional representation is a tendency to split combinations of persons who hold similar views on general matters into small groups with strong views on separate and less important subjects. In P.R. there appears to be a tendency towards the formation of small parties interested in some particular subject.
>
> In 1900 political life in Belgium was comparatively simple and there were two great political parties, the Liberals and the Catholic Conservatives. The one pursued modern democratic tendencies while the other was stoutly conservative. Belgium adopted the d'Hondt system of P.R. in 1900. . . .
>
> In 1922, after twenty years of P.R. development, although the great parties submitted lists in all districts, no fewer than forty-five different parties and groups were formed among the electors for the election of ninety-six members.

After giving the lists and results, he goes on to say:

> The P.R. results in the countries mentioned (Belgium, Sweden, Switzerland, Poland, Netherlands, Denmark, Finland, and Esthonia) show that P.R. has made a stable majority government impossible in countries where it existed before P.R. was introduced. A stable govern-

ment representing a general majority opinion may indeed be defective. In operation it may sometimes be distasteful to minority and majority right, but it is effective; it does maintain stability in social relationships, it does give that security necessary for continuous development. Italy has not been mentioned because its policy deserves special attention. The elections of 1913 were conducted by the ordinary majority political method of election and the results were as follows: Constitutionalists, 318; radicals, 70; republicans, 16; socialists, 77; syndicalists, 3; Catholics, 24. At this period majority government was at any rate real. On January 19, 1919, a new Catholic party, known as the popular party, arose with the sanction of the Vatican, and it advocated P.R. As a result the P.R. method was applied in the elections of 1919. The results were: Socialists, 156; liberals and conservatives, 132; Catholics, 101; democrats, 80; social reformers, 16; republicans, 15; Giolittians, 8. No party now had a majority. P.R. destroyed the hope of majority government and stimulated minority conflicts to such a degree that ultimately physical force minorities assumed dictatorship. The fascists then used P.R. to stabilize minority dictatorship; the law of November 18, 1923, turned the whole country into one constituency divided into fifteen districts, and it permitted a single party which obtained twenty-five per cent of the votes passed to appropriate two-thirds of the seats in the chamber. This indicates the great social dangers which P.R. stimulates. It shows that minorities can not only prevent majority rule but can enforce minority dictatorship.

I think I should read another quotation from Mr. Horwill's work. He says:

P.R. advocates fear the majority; they fear oppression and tyranny which majorities might use. What is the alternative? Minorities in parliament will fight each other. When combined minorities form a majority, fighting and struggling will be the rule. Forceful energetic minorities will then seize power, and the majority will experience oppression at their hands. It is a fateful moment in social evolution. We have to choose either to train the majority so that a social mentality can be created whereby cooperation can play the major part in social life, or else—dictatorship of a minority. The present system enables the former, if we can seize its advantages; P.R. the latter.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 65, respecting Révillon Frères Trading Company, Limited, and to change its name to Rupert's Land Trading Company—Mr. Maybank.

THE RESTIGOUCHE LOG DRIVING AND BOOM COMPANY

Mr. A. G. McAVITY (St. John-Albert) (for Mr. Veniot) moved:

That the order for the house to go again into committee of the whole on Bill No. 66 (Letter E of the Senate), intituled "An Act respecting the Restigouche Log Driving and Boom Company," be discharged, and that the said bill be referred to the select standing committee on miscellaneous private bills.

Motion agreed to.

NIAGARA FALLS OBSERVATION BRIDGE COMPANY

The house resumed from Friday, April 1, consideration in committee of Bill No. 15, to incorporate the Niagara Observation Bridge Company—Mr. Damude—Mr. Johnston (Lake Centre) in the chair.

On section 8—Power to construct bridge.

The DEPUTY CHAIRMAN: When the bill was last before the committee we were considering section 8.

Mr. EDWARDS: Before section 8 carries, there are some observations I should like to make. The section provides that the company may construct, maintain and operate a bridge across the Niagara river, and so on. Since the destruction of the Falls View bridge, or what was commonly known as the "Honeymoon bridge," in January of this year, considerable attention has been given to the proposal to build a bridge which would become toll free after the capital cost had been taken up.

Proponents of the bridge have given a number of figures as to expected revenues and cost of construction which, at least to me, appear fantastic. While I am not opposing the idea of a toll free bridge, or a publicly owned bridge, and while I am not by any means advocating a private bridge, at the same time when the bill was before the committee many statements were made which appeared to me to be at least contradictory.

The Falls View bridge had been in existence since the 1860's and was owned by the International Railway Company. It took care of the traffic running between Niagara Falls, New York, and Niagara Falls, Ontario. It was a four-lane bridge, and we are told by an eminent firm of architects of Montreal, perhaps the most outstanding architects in Canada in the matter of bridge building, that this bridge was maintained in perfect condition, and at all times was capable of taking care of the traffic at that particular point. If any difficulties did arise, it was on what were known as peak days, such as the Fourth of July, the First of July, Labour day and other holidays. But only on four or five days of the year was there any difficulty in handling the traffic which passed over the bridge. Any difficulty which did arise on those days was due more to the

fact that not enough customs officers were on duty to clear the cars, than to the fact that the bridge was incapable of carrying the traffic. It could hardly be expected, however, that the government would keep a large force of customs officers to meet the requirements of only a few days in the year.

This bridge paid taxes of about $12,000 a year to the city of Niagara Falls, Ontario. I have no interest in the matter whatever, more than to see that a proper bill passes through the house, but so far as I can learn the people of Niagara Falls were perfectly satisfied with the accommodation they received at that bridge. The bridge which it is proposed to build would be two hundred yards below the site of the Falls View bridge, and is to be known as the Observation bridge. Necessarily those in charge will have to purchase property on both sides of the river and will have to build an entirely new bridge at an estimated cost of $4,000,000. I might add, in passing, that the approaches and buildings connected with the Falls View bridge still remain.

We were given to understand, not only by Canadian counsel but by eminent counsel from the United States, that the International Railway Company have a right to rebuild their bridge, under a charter they now hold, without going to any legislative body for further consent. That, of course, was denied by those supporting the building of the new Observation bridge. Up to date, however, no satisfactory answer has been given to the statement made by counsel in committee that the International Railway Company have a perfect right to reconstruct their bridge.

If both bridges are built, serious objections will arise. In the first place there is not sufficient traffic to support two bridges. In the second place, if the Observation bridge is built at the spot indicated, at a point about two hundred yards below the old Falls View bridge, the same distance from the proposed new Falls View bridge, its value as an observation bridge would be destroyed by reason of the new Falls View bridge being between it and Niagara falls.

Evidently the building of a new bridge is a subject of lively controversy on the United States side as well as on the Canadian side of the boundary line. An article appearing in the Niagara Falls Gazette, Niagara Falls, New York, on February 12, is in these words:

> The earnings of a publicly owned bridge across the Niagara river to replace the Falls View bridge would be ample to ensure its being paid for in full and being made a toll free span within ten years, in the opinion of assemblyman Harry D. Suitor, this city, who plans to introduce a bill providing for the creation of a government commission authorized to build such a span in the state legislature early next week as soon as the necessary legislation can be drafted.
>
> Mr. Suitor declared to-day that on the Falls View bridge, figures on file in his office show that the International Railway Company—
>
> Listen to these figures:
>
> —earned $459,000 between April 1, 1935, and March 31, 1936, and that it received revenue of $540,000 for the period April 1, 1936, to March 31, 1937. For the period from April 1, 1937, to November 1, 1937, the bridge revenue totalled $521,000, Mr. Suitor declared. The bridge was wrecked by the effect of ice on last January 27th.

These are the figures which were given to the railway committee in connection with the proposed Observation bridge. In an effort to substantiate their claim to the right to build a $4,000,000 bridge, the company were calculating on these revenues to carry the load. What are the facts? The following are the facts which were produced by the counsel for the Falls View bridge. I understand that the two bridges are to be identical, each having four lanes for traffic. Therefore it is expected that the revenue which would be derived from the Observation bridge would not be greater than that which was derived from the Falls View bridge during the last ten years. I quote from the statement:

> The facts are that Falls View bridge revenue for the year ended March 31, 1936, was $237,403, not $459,000 as stated by Mr. Suitor. The revenue for the year ended March 31, 1937, was $280,449 and not $540,000 as stated by Mr. Suitor. The revenue for the period April 1, 1937, to November 1, 1937, was $282,335 and not $521,000, as stated by Mr. Suitor.

It will be seen that there is a wide variation in the figures presented by the two parties. The figures presented by the proponents of the Observation bridge are purely an estimate, while those presented by the owners of the Falls View bridge are the actual annual revenues over a period of ten years. I quote:

> As a matter of fact, careful calculations based on the actual revenue experience of Falls View bridge and the estimated cost of a bridge as proposed by the Niagara Falls Observation Bridge Company lead to the inescapable conclusion that the so-called "free bridge" can never become toll free.
>
> An expenditure of $4,000,000 for a new bridge at a new site would be conceivable. Assuming this cost, the bridge would be faced with an annual deficit of $50,000 before taxes. Assume an average annual income of $325,000, interest charges at five per cent would be $200,000; operating costs, $95,000; depreciation at two per cent, $80,000, or a total of $375,000, a deficit of $50,000 a year without allowance for taxes.
>
> Assuming a cost of $3,000,000, which is much closer to the reasonable maximum that could be spent prudently and wisely for a new bridge on a new site at Niagara Falls, the structure would earn a net income of $20,000 a year

before taxes. If tax free, such a bridge would require 150 years to liquidate its cost, retire its securities and become truly a public bridge, toll free.

The question of taxes, however, is important. The Peace bridge between Buffalo and Fort Erie, operated by a public authority, paid last year in Canada taxes of $34,700. Proportionate taxes levied against the proposed observation bridge, even at an estimated cost of $3,000,000, would transform the small annual profit into a loss and would destroy all possibility of the bridge becoming toll free.

With particular regard to the tax situation, it is significant that more than half the revenue of Falls View bridge accrued during the tourist season. This large proportion of the receipts comes from persons living at a distance and visiting Niagara Falls for a day or two. If the so called "free bridge" paid comparable taxes it could never become toll free. If it did not pay taxes, the citizens and taxpayers would lose this contribution to governmental expense and would have to make up the difference out of their own pockets, largely for the benefit of transients.

The question may well be asked, when consideration is given to the revenue figures I have quoted: Why should the International Railway Company wish to replace their bridge? The answer is obvious. According to the estimate of their engineers, their proposed bridge will cost possibly $1,200,000 and not more than $1,500,000. They figure that the net revenue will be in the neighbourhood of $75,000, based on past performances.

I notice reports in several papers that considerable objection has been taken to the proposed new bridge by the local municipality. It is contended that they will lose taxes amounting to $12,000, which was the amount paid upon the old Falls View bridge. They will also lose the taxes on the land that will be expropriated for the entrance to the new bridge. The city of Niagara Falls, Ontario, faces a considerable loss in taxes should this new bridge be erected. I quote from the Niagara Falls Gazette of Niagara Falls, Ontario, as follows:

> Alderman John McAninch voiced a strong protest against the charter being granted to this company, without further information, stating that this city has been treated very discourteously by not receiving any information on the bill presented to parliament.

Speaking in this house on March 29, the hon. member for Welland (Mr. Damude) is reported on page 1979 of Hansard as saying:

> So that so far as the city of Niagara Falls is concerned, the province of Ontario, I am assured, will have no objection and will see that that municipality receives an assessment on this property.

Possibly the hon. member for Welland would be prepared to give us his authority for making that statement. It certainly does not appear in the bill and I think we must take the bill as it reads at present. I quote from the Buffalo Courier Express as follows:

> The old Falls View bridge, commonly known as "Honeymoon bridge," collapsed this winter due to heavy ice jams. The International Railway Company, owner of that bridge, opposed the bill because it claimed it had authority to reconstruct a bridge on the same site as the old one without any additional legislation.

We did not have any refutal of that statement presented to the committee. I quote from a Niagara Falls dispatch appearing in the Toronto Globe and Mail of March 29, as follows:

> The city council to-night, by a vote of four to three, decided to telegraph Prime Minister Mackenzie King asking him to withhold presentation in the House of Commons of Bill 15 to grant a charter to the Niagara Falls Observation Bridge Company, until the city has protected its rights.

So far as I know, the city has not been invited to sit in on the discussion of this bill.

What took place in the committee had the appearance of a real attempt to rush the bill through, and I protested in the committee because of the power play which was put on. I think that in neither our railway committee nor any other committee of this house to which bills are referred should any pressure or undue haste be applied. It is very much better to allow a committee to discuss a bill thoroughly, giving it plenty of time, even if one or two more sittings are necessary, because this procedure saves the time of the house in the end.

I noticed in last night's Ottawa Journal a dispatch from Toronto headed, "Hepburn protests Ottawa Action over New Bridge." It reads:

> Premier Hepburn registered "a formal protest" in the Ontario legislature to-day over what he said appeared to be "deliberate delay" of the federal government in passing a bill providing for a new bridge at Niagara Falls. Replacing the collapsed Falls View bridge, it is to be erected jointly by Ontario and New York state.

Well, Mr. Hepburn has a perfect right to protest if he wishes to do so, but just how effective his protest will be in this house I am not so sure.

I have nothing further to say. I object to this bill being passed for the following reasons, which I have summarized.

1. The International Railway Company claim to have the right to rebuild their bridge under the existing charter.

This claim has not been satisfactorily refuted.

2. There is not enough traffic for two bridges at this point.

3. The proposed Observation bridge would be two hundred yards below the Falls View bridge, and the view of Niagara Falls would be obstructed by the Falls View bridge.

4. The practical impossibility of the Observation bridge ever becoming toll-free under the present financial set-up.

5. Approximately $12,000 a year has been paid in taxes by the International Railway Company to the city of Niagara Falls, Ontario. No provision is made in this bill to pay any taxes to this municipality.

6. The great disparity between the cost of building the Observation bridge and the cost of rebuilding the Falls View Bridge, $4,000,000 and $1,500,000 respectively. These are the figures submitted by the proponents of the Observation bridge and the Falls View bridge respectively.

7. The estimated revenue from the proposed new Observation bridge was double the figures submitted by the Falls View bridge of its actual receipts over a period of ten years.

The traffic capacity of the two bridges would be the same, namely, four lanes of traffic.

8. The International Railway Company propose to rebuild their bridge at once. Plans are actually being prepared and the bridge is to be ready for traffic in 1939.

The Observation bridge could not possibly be ready until 1940. That is a very important point. The evidence in the committee was that the day after the destruction of the Falls View bridge, steps were immediately taken to provide for reconstructing the bridge, with higher spans and a wider spread so that there would be no danger from ice in the future. Those plans are in preparation and are coming along fairly well, and if the company is allowed to go ahead and rebuild the Falls View bridge, it promises to have that bridge in operation in 1939. The estimate is that the other bridge, the Observation bridge, would take three years to complete from the time they get permission to build. They have not yet received permission to build from the New York legislature. They might get permission at the fall session; but, if not, they will have to wait until next year. So it will be at least two, and possibly three years from now, before there will be service at that point by the Observation bridge, and hon. members can see what a disadvantage that would be to the merchants and those doing business in that city.

9. I am informed that arrangements can be made to have the Falls View bridge toll free when costs of reconstruction have been recovered.

That, I think, is a very important point, and it is something that should be fully considered. That is all I have to say, and I trust that the sponsor of this bill will have it referred back to the committee for further consideration.

Mr. DAMUDE: The observations made by the hon. member for Waterloo South (Mr. Edwards) have, I think, been fairly well covered already in speeches made by other hon. members.

So that there may be no misunderstanding of the position of the city council of Niagara Falls with respect to this matter, I propose to read a resolution passed by that city council in session on April 4:

Moved by Alderman Thomas Grimster,
Seconded by Alderman Grant Donald, that

Whereas Bill No. 15 is a bill to grant a franchise to the Observation Bridge Company, and

Whereas this council has received assurance that taxation is a provincial and municipal matter in which the interests of the city will be protected, and

Whereas the granting of a franchise to individuals who will surrender their rights to the province is a matter of procedure as outlined by the Honourable the Minister of Transport, and

Whereas the tourist business is of prime importance to this city and to the country as a whole and every facility should be provided for that purpose, and

Whereas the terminal of the Niagara Falls, St. Catharines and Toronto Railway, a division of the Canadian National Railways, is situate at the bridge head of the proposed bridge and is dependent upon such a source for traffic to St. Catharines and other points in the Niagara district, and

Whereas the erection of the proposed new bridge will act as a gesture of good will and as an aid towards friendly relations,

Be it therefore resolved that this council believes it to be in the best interests of the city and of the country as a whole, to expedite Bill No. 15 through parliament and that it is essential the erection of a new bridge be started at the earliest possible date and that the clerk forward this resolution to the Right Honourable W. L. Mackenzie King and to the Right Honourable R. B. Bennett, and the seal of the corporation be hereto affixed.

Mr. LENNARD: May I ask if that motion passed the city council?

Mr. DAMUDE: Yes; the motion was carried.

Further, in connection with this matter, the hon. member for Lincoln (Mr. Lockhart) addressed a letter, dated March 24, to the mayor of Niagara Falls—and I may say it was a very fine letter, taking up eighty-three lines of foolscap paper and consisting of 1079 words—asking the city of Niagara Falls

to say whether it appreciated his efforts on their behalf. This is what the city council says about his letter:

Council Chamber,
March 28, 1938.

That was four days later.

No. 91—N. J. M. Lockhart, M.L.A.

It should be M.P.

No. 91—N. J. M. Lockhart—re bill before House of Commons re new bridge. Ordered on the motion of Aldermen Twidale and Scott that the communication be received and filed.

I may say that that resolution was carried. Then, here is item No. 63 of the minutes of that same meeting of the city council:

Moved by alderman Inglis, seconded by alderman Donald: Resolved that the council receives with general satisfaction and appreciation the announcements of the Honourable W. L. Houck, M.L.A., and Mr. A. B. Damude, M.P., that the interests of this city are being protected in legislation and bills now pending; and that this council deprecates the statement accredited to the federal member of Lincoln in press reports from Ottawa, that the condition of this city is one of virtual insolvency; which is untrue, as all obligations have been met in full; that a copy of this resolution be wired to the Honourable Mr. W. L. Houck, M.L.A., and Mr. A. B. Damude, M.P.

This resolution was lost by one vote.

I have no desire to take up the time of the committee, but I believe there are a few facts which should be brought to its attention to show the necessity of a proper bridge at this point. Some of the older members of this house will probably recall that in 1927 a bill was brought forward by the then hon. member for Welland, Mr. George H. Pettit, seeking a charter to erect a proper, adequate and safe bridge across the river at this point. At that time the bill was defeated. In 1928 the citizens of the community prevailed on him again and in that year he presented a bill which met with the same result. Again, in 1929, the then hon. member for Welland brought forward a bill, which passed the House of Commons but was defeated, I understand by one vote, in the Senate. Hon. members will therefore realize that even at that time it was regarded as important that a more adequate and safe structure should be erected. Probably it should be known where the opposition at that time came from. It came from the county of Lincoln, the same place from which it is coming now. Probably there is a reason for this. A remark was made the other evening that there might be an Ethiopian. That is an old saying. Where there is an Ethiopian there usually is a woodpile, and I think the woodpile will be found at St. Catharines. St. Catharines possesses some excellent citizens who are vitally interested in the lower steel arch bridge at Niagara Falls, a company which received from the Canadian National Railways a rental of $100,000 a year. The president of this company, and the secretary treasurer also, two very fine gentlemen live in St. Catharines; directors live in St. Catharines. For eleven years the opposition to the building of a bridge across the Niagara river has emanated from that point. To be frank, it came from a late hon. member and minister who resided in that constituency. Hansard will bear out my statement; hon. members have only to look up the records in 1927, 1928 and 1929.

Mr. SPENCE: I wish to say a word or two in connection with this bridge. I have listened with a good deal of interest to statements by various hon. members, and I have made up my mind that I am not going to support the bill for a bridge in this particular locality. I know the site very well. The lobbying and the pressure that have been put on the private bills committee to consent to the erection of a bridge there remind me of olden days, when the house was filled with lobbyists from all over the country asking that railway branch lines be built everywhere. We granted franchises and charters; some were built and some were not, and it would have been a good thing for this country if a great many had never been built, because they did us no good. The same with bridges; there were people coming from all over, straw men, men who had not a dollar in their pockets, getting charters to build bridges, having got the charters they went out to peddle them to somebody and make a few thousand dollars or, in some instances, up to a hundred thousand dollars, and if they could not make a deal with somebody who had money, the bridge never was built. I do not know whether that is so in this case.

I have no objection to the Ontario government and the state of New York building a bridge; but if it is built at all, it should be on the site of the old international bridge, for the convenience of the people of Niagara Falls. If the bridge is built six hundred feet farther down, the people of that city will be greatly inconvenienced. Many of them work on the other side, and they would have to walk six hundred feet further down, which is a considerable distance on a cold, wet morning. Why should the people be inconvenienced? If the International Railway Company can build a bridge for one and a half million dollars, why waste four million dollars, or why should Ontario contribute four million dollars to erect a bridge at that particular site, to please Mr. Hepburn or anybody else? I am not one of those who advocate public

ownership all the time; in fact, I shall be frank and say that I do not do it at all, because I have never seen a public ownership project make a dollar for this country or any other. I would let the International Railway Company do the work. Some say that the promoters of this bill are trying to sell the balance of their franchise to the state of New York. I do not know whether that is so, but there seems to be a nigger in the woodpile.

Mr. DAMUDE: We have told the hon. member where it was.

Mr. SPENCE: I cannot see why we should rush this bill through to give a franchise to men we know nothing about. Perhaps the state of New York and the government of Ontario are willing to take the charter from these men who are seeking the franchise; but who knows? I do not know anything about the matter. There is too much secrecy about the whole thing. What is quite evident is that if a bridge is built on a site other than that of the old bridge, a great many people who have been travelling over the old bridge for many years are going to be inconvenienced. The whole city of Niagara Falls was built around that bridge. Why pass a bill which will involve much inconvenience to travelling people who live in the city of Niagara Falls? I suggest that the hon. member who introduced the bill should withdraw it and give us time to consider the matter properly. I am not trying to play politics. I know the situation there; I know what transportation is; for many many years I have been associated with highways. I happened to attend the railway committee for half an hour and heard somebody say that there was not sufficient room at the site of the approach to the old bridge to accommodate traffic going across on certain days such as the first and fourth of July. I think that is all a piece of nonsense.

The alternative is to spend $2,000,000 for a bridge and $2,000,000 to acquire land—from whom? From the friends of somebody who has land to sell. That is the whole trouble; that is why this thing is going through. Hon. members should be careful with the country's money and not waste it in extravagant projects of this kind. The solicitor who represented the International Railway Company told the committee that they could build a bridge for less than a million and a half dollars. Why waste $4,000,000 if a new bridge can be built upon the site of the old one for less than a million and a half dollars? But if the state of New York and the province of Ontario insist upon building the bridge, let us insist that they build it on the convenient site of the old bridge, regardless of what they pay for the franchise to the International Railway Company. I am sorry to think that this committee should respond to pressure such as I believe is being put upon them. I know something about city councils, perhaps as much as the hon. member who has just spoken. If you put pressure on many of the councils of this country, they will vote any way.

Mr. DAMUDE: I protest, for my council.

Mr. SPENCE: The hon. member does not need to protest, because I am just as familiar with city council work as he is. I have seen the council of the city of Toronto change its vote between eight o'clock at night and one o'clock in the morning.

An hon. MEMBER: That is only in Toronto.

Mr. SPENCE: Toronto is just as good as any other place in Canada. Toronto is not a city that does anything very wrong at any time. But councils change their minds; there's many a man can change his mind that cannot change his socks; and that is the very thing that has happened. I ask the committee to be careful about what it does and not inconvenience the people of Niagara Falls. The city has been built around the bridge, very much as some cities are built around a big industrial plant. There are not five hundred people living at the end of the city where it is proposed that this bridge be built, so why build it there?

An hon. MEMBER: To build another city.

Mr. SPENCE: To build another city, yes, but not Niagara Falls. It will change the whole plan of the city and ruin the people who have built it up and are carrying its burdens to-day. Again, how long may it be before the new company which is talked about begins to build this bridge? How long are the people at Niagara Falls to suffer for want of transportation? We are assured now that if the International Railway Company builds a bridge, it will be finished a year from next May. Why inconvenience the people more than is absolutely necessary? We have no assurance that the proposed bridge will be built in the next two or three years; the straw men might not get the money to put up for it. If Ontario proposes to put up the money, why does it not come out in the open and say so and let us know what it intends to do?

Some hon. MEMBERS: Carried.

Mr. SPENCE: No; it is not carried by a long shot.

Mr. HARRIS: We have before us now an example of the manner in which public ownership of public utilities can be carelessly and loosely handled by administrations, sometimes not to the advantage of the public but for the benefit of some particular interests who at the moment may have control of the public purse strings. If it can be demonstrated to me that the Minister of Transport (Mr. Howe) or the young member for Welland (Mr. Damude), with whom I have a great deal of sympathy at this time so far as this particular bill is concerned, has answered the questions which have been seriously put forward by this committee, then I shall be content to take my seat.

I am one of those who regard Niagara Falls, Ontario, as one of the greatest historic spots on the North American continent. More than that, it provides one of the greatest illustrations of the way in which public ownership can control and operate a public utility for the benefit of the people. That has been well and truly demonstrated by the conduct of the Ontario Hydro-Electric Commission during the last two or three decades.

It is not often that I have much to say on these matters; but when I see a bill brought forward purporting to construct a bridge which in the first instance was going to cost upwards of seven and a half millions of the people's money and then see the provincial Minister of Highways taking his place at the right of the chairman of the railway committee and bringing that sum down to four millions; when I see those objecting to the bill coming forward and stating, on one of the highest authorities in the dominion, Colonel Monsarrat of the bridge company that built the Quebec bridge, that the proposed structure now under consideration, a four-lane traffic bridge of the same capacity as the one which the promoters are asking for, could be put up for the sum of $1,250,000, or up to $1,500,000—when I see all this, I do not wonder that a few days ago the question was asked, "Where is the Ethiopian in the woodpile?"

May I say a word or two in a kindly spirit to the hon. member for Welland? He is a new member, and I can recall the time, fifteen years ago, when I, too, was a young man making my first speech in this house. I know how I felt then. Inasmuch, however, as the hon. gentleman has introduced this bill, he will have to stand for what we say. In a kindly spirit, therefore, and as an old man I offer him this advice: Do not describe the straw men from St. Catharines as those that are looking after their own interests, until you answer the depositions that are on Hansard.

No doubt the hon. gentleman can, but there the record stands and it has not been answered. The hon. member for Davenport (Mr. MacNicol) made this statement:

> I might say that the manager of the Niagara Falls parks commission or the solicitor characterized these men as straw men. I do not call them that, but that is how he designated them. I am not even sure that one member of the commission is the brother of the local member of parliament. I believe that one of the members is his son-in-law. But the hon. member for Welland (Mr. Damude) will know.

I say to my hon. friend opposite: Before talking about the woodpile in St. Catharines, smoke out your own woodpile. And is there not something to smoke out? He ought to know, because since the estimate dropped from seven and a half millions to four millions, we find that there is on record in the provincial legislature a deposition to the effect that it might cost three millions.

When I last spoke on this matter I said that I had an open mind and that I was ready to vote for the public ownership of a public utility which would give a tax free, toll free bridge over an international boundary in order to foster and extend our tourist trade. I firmly believe in that. On that occasion I asked this question: Are we going to lose one million dollars' worth of assessment in the city of Niagara Falls? The hon. gentleman has answered that question in part tonight but rather carelessly, and there has been a good deal of carelessness in the presentation of this bill to the House of Commons. He neglected to tell us something important about the million dollars to which the Minister of Highways of Ontario made reference, and a million dollars is a lot of money in these days; it would pay for a great deal of relief in the county of Welland. The hon. gentleman did not tell us whether that million dollars which the Ontario minister intimated was going to be spent on land and buildings represented a million dollars of assessment in that city. There is no answer. I asked quite seriously for an answer to that question but there has been none; yet we are asked to pass this particular section tonight without that information. The hon. gentleman wants to have our vote in support of this. We are anxious to vote for a toll free bridge as soon as possible, but these questions are not being answered.

The company, we are told, may construct, maintain and operate a bridge across the Niagara river. Construct?—yes, in a new place, as the hon. member for Parkdale (Mr.

Spence) has said, a new place away from the old business centres. There might be some advantage in that regard in relation to the Niagara, St. Catharines & Toronto railway. In regard to the old lands now owned by the International Railway Company, what did the minister say in the committee with respect to their rights when asked whether there would be compensation? He said, "Yes, there will be some compensation." What did the solicitor for the International Railway Company say in committee as to the value of their assets now there? Half a million dollars. Is that another half a million to be added to the cost of this bridge?

I admit at once that there might be some value in this new overhead bridge over the river road. I admit that there might be some value in having twenty-four fanlike outlets on a four lane bridge as against eleven on the other bridge. But when you saddle this public ownership enterprise with a structure which is going to cost the province of Ontario and the state of New York $4,000,000, whereas a bridge of the same capacity can be built for $1,250,000, there will not be sufficient revenue to take care of the amortization of the expensive structure, so that the result will be that no one within the sound of my voice will see the day when it has earned sufficient to permit of making traffic across the Niagara river free from tolls.

I ask hon. members to follow me for a minute while I state as briefly as I can how the picture appears to me. I apologize to my friend the hon. member for Winnipeg North (Mr. Heaps), whose mathematics I found it difficult to follow the other evening. On either bridge the maintenance would be $95,000 a year. Then there is depreciation. Some hon. members seem to have an idea that depreciation is unnecessary; that it is a reserve or profit built up for the benefit of the owner. But in any project depreciation is essential, and in my judgment two per cent is a fair and modest rate. I see the hon. member for Ontario (Mr. Moore), who probably knows more about this subject than any other man in this house; will he deny that if the railways of Canada in days gone by had seen to it that in their bookkeeping not only their rolling stock but structures of all kinds had carried a fair depreciation charge, had it been only one or two per cent over all, and had the units written off when destroyed, that other great public ownership enterprise, the Canadian National Railways, would have been in a far better financial position to-day than it is? There is a glaring example of what happens when depreciation is ignored. At two per cent it would take fifty years, not forty, to retire the bridge. Two per cent on $4,000,000 is $80,000 a year, while on $1,500,000 it is $30,000 a year.

But there is something else, about which perhaps the Minister of Finance (Mr. Dunning) knows more than anyone else, and that is the earning power of money. It is all very well for the province of Ontario to be behind this project; nevertheless if they invest $2,000,000 in a $4,000,000 bridge, the people of Ontario have to pay interest on that $2,000,000. It is true they can get the money at a little lower rate than a private company, but the difference between the cost of the two structures has its bearing. On a $4,000,000 structure interest at four per cent would amount to $160,000 a year; on a structure costing $1,500,000 it would be only $60,000 a year at the same rate. Money works for wages, and the wages have to be paid whether it is money that is earning it or human beings, and it will ever be thus.

Summing up the situation, what have we? On the one hand a $4,000,000 structure with two per cent depreciation, $95,000 maintenance charges and four per cent interest, or total annual charges of $335,000.

Mr. HEAPS: And what depreciation charges on the land?

Mr. HARRIS: I was careful to say that the depreciation on the land should be at times appreciation, but my hon. friend knows that it is not so now. The loss will result from the reduction in taxable assessment. The Niagara Park Commission taking over this land will not pay taxes to the municipality; the acreage now covered with buildings will become vacant land for parking space and what not, so the money therein represented must be retired.

The earning capacity of that bridge is shown in the figures given to the committee, which the hon. member for Davenport gave the other evening. They were as follows:

1928	$325,149
1929	352,434
1930	322,376
1931	282,126
1932	204,591
1933	192,585
1934	221,025
1935	235,896
1936	275,297
1937	221,039

Or an average, for the ten years, of $273,251. With an overhead cost of $335,000, how will it ever be possible for the bridge to become toll free, so that one can get the tourist traffic into this country without charge?

There is not a snowball's chance. We ought to take advantage of the proposition of the International Railway Company, and let public ownership work in conjunction with them on a project which will become toll free in a very few years.

Mr. MOORE: Has the hon. member a substitute measure to offer?

Mr. HARRIS: Yes, and one which is going to meet with the approval of the premier of Ontario, who according to the press wants speed. He wants the bridge built as quickly as possible so that the tourists will flow into the province across that bridge and spend their money there. My proposal is: Let this railway company, which now has a right of way there, which has half a million dollars in buildings and fixtures there now, which has plans well advanced to have its bridge in operation at least a year or two in advance of the other, come to the rescue and save the people of Ontario from the necessity of investing $2,000,000 in the bridge proposed to be built under this bill; let this company put up its own money; but tie the company up to a proposition that the bridge must become toll free within a short time, and the premier of Ontario will have a four-lane structure which will serve the tourist traffic one or two years sooner than the structure proposed in this bill. But, no, they want to adhere to their particular scheme; why, I do not know: Whether there is an Ethiopian, I do not know. But they know that while we sit here, the legislature of New York state has gone home, perhaps for a year, until next fall anyway, and has thrown their bill overboard. We have that on the evidence given in this committee. Yet section 8 of the bill provides that:

> . . . the company shall not commence the actual construction of the said bridge nor exercise any of the powers hereunder, until an act of congress of the United States or other competent authority in the United States of America has been passed authorizing or approving such bridge of the said river. . . .

Our hands are tied. There is nothing this committee can do, according to the very terms of the bill, until legislation is obtained on the United States side. I do not see how it is possible to meet the request of Mr. Hepburn. When he appeals to hon. members from Ontario, I imagine he is also appealing to me. I answer that appeal by saying: Get your legislation in accordance with section 8 which says that you must have authority from the state of New York.

Progress reported.

[Mr. Harris.]

ELECTIONS AND FRANCHISE

MEASURE RESPECTING FRANCHISE OF ELECTORS, ELECTION OF MEMBERS OF HOUSE OF COMMONS AND PRINTING AND PUBLICATION OF ELECTION DOCUMENTS

The house resumed consideration of the motion of Hon. Mr. Power that the house go into committee to consider the following proposed resolution:

> That it is expedient to introduce a measure respecting the franchise of electors and the election of members of the House of Commons and to make provision for the printing and publication of the Dominion Elections Act and instructions issued thereunder, the printing of voters' lists and other election documents, including forms and ballot papers, and to provide for the salaries or other remuneration of certain officers and employees.

Mr. BOTHWELL: Before the house rose at six o'clock, I was quoting from Horwill on proportional representation. I have another quotation or two I should like to place before the house in connection with proportional representation and the alternative vote.

Munro, in The Governments of Europe, says this, with reference to Germany:

> The May election of 1924 left the German political situation in a state of very unstable equilibrium. The extremists were too strong to let the middle groups control. On the other hand, they were not willing to help maintain a coalition, except at a price which the social democrats were unwilling to pay. It soon became apparent, therefore, that another appeal to the country must take place, and in December, 1924, a new election was held. The result of this election did not help matters much, for although the extreme right and the extreme left both lost somewhat, the latter especially, it was not possible to form a middle coalition which could be certain of a majority in the Reichstag. Between 1919 and the early part of 1925 Germany had no fewer than eleven ministries.

In 1908 the British government appointed a royal commission to consider the question of proportional representation. I believe paragraph 105 of their report might be interesting:

> The exaggeration of majorities is as a rule no evil. Excessive majorities, of course, occur, but they bring their own correction against tyranny in increased independence; and they are at least preferable to insufficient majorities. The advocates of the transferable vote remind us that the object of a representative body is to represent; but the object of representative government is not only to represent but to govern. The greatest evil that can befall a country is a weak executive; and if a strong one can only be obtained at a cost of mathematical accuracy the price should be willingly paid.

That is a part of the findings of the royal commission appointed in Great Britain in 1908 to consider this whole question of

proportional representation and the transferable vote. That commission rejected it, in so far as Great Britain was concerned.

The hon. member for Qu'Appelle (Mr. Perley) referred to the elections in Saskatchewan. I should like to draw his attention to the results of elections in Alberta, when they had the alternative vote, and proportional representation in the cities of Edmonton and Calgary. In 1926, in the Alberta elections—excluding Calgary and Edmonton—the United Farmers Association polled 68,921 votes, and obtained forty-two seats. The Liberals polled 36,693 votes and obtained five seats. The Conservatives polled 26,197 votes and got no seats. Labour polled 5,183 votes and got three seats. The Liberal-Progressives, polling 252 votes, got no seats.

Mr. BENNETT: That was in an election where there were more than two candidates in most constituencies.

Mr. BOTHWELL: Nevertheless the hon. member for Qu'Appelle was endeavouring, by this method, to get proper representation. The result in Alberta was just as I have given it to the house. It does not give representation in accordance with the votes polled.

Mr. BENNETT: Was that the vote after they had been distributed, or before?

Mr. BOTHWELL: The final vote.

Mr. BENNETT: Yes; but we are distributing it. Those figures have no value, then.

Mr. BOTHWELL: I would imagine that the endeavour of the proponents of the alternative vote is to see that the people are represented. We find, taking the first of the parties named, that with 68,921 votes they returned forty-two members. Another party with 36,693 votes returned five members.

Coming to another election in Alberta, held in 1930, we find that the United Farmers of Alberta polled 70,957 votes and obtained thirty-four seats. The Liberals polled 34,187 votes—nearly half—and obtained eight seats. The Independents, with 23,832 votes, got three seats; the Conservatives, with 7,481 votes, got no seats, and Labour, with 6,156 votes, got two seats. It was impossible for the committee which had to deal with these matters to come to the conclusion that proportional representation or the alternative vote was going to solve the difficulties which seemed to confront the people who were agitating for this particular system of voting. As a result, the committee, for the reasons—

Mr. BENNETT: The hon. member was going to give us the definition of the alternative vote, as the committee dealt with it. I wanted to see which definition the committee adopted. Would he give us that, if it is not inconveniencing him. I did get the definition he was good enough to give with respect to proportional representation; but I am now dealing with the question of the alternative vote, of which he promised to give a definition, as it was accepted by the committee.

Mr. BOTHWELL: The definition of the alternative vote accepted in the committee was one given by Hoag and Hallett, and was as follows:

> The alternative vote has been devised to make it certain that in single-member constituencies no candidate can secure election unless he has behind him the support, if not of the majority of voters in the constituency, at least of a greater number than under the present system elects a member where there are more than two candidates.

Mr. BENNETT: The hon. member read that before. I just wished to be sure.

Mr. HAYHURST: Would it not be better to make a division into rural and city electoral divisions? The alternative vote would not give the same results.

Mr. BOTHWELL: I gave the results of the alternative vote outside Calgary and Edmonton, where proportional representation was put into effect. After a consideration of what I have just quoted, the committee came to the conclusion that proportional representation was not desired in Canada. It was demonstrated to us that we should have from a five to a seven member constituency. The conclusions, to be found at page 194 of the evidence, are as follows:

> (a) Even a three member constituency throughout Canada, at any rate outside of the big cities, would be much too large.
>
> (b) Cost of the campaign would be too great. Printing and publications, etc., hire of halls, length of time required to campaign throughout the constituency.
>
> (c) Difficulty of candidates becoming known would be almost insuperable, there would be lack of the personal touch between the member and his constituents.
>
> (d) The elected member being one of three or five or seven in a constituency could not feel that he had a definite mandate as he does under existing circumstances.
>
> (e) While it is regrettable that there should be exaggerated majorities representation, it may be said, I think with truth, that errors in representation have a habit of balancing themselves.

An illustration is given on the same page of what happened in the elections in Great Britain. Further reasons were presented to the committee to show that neither system nor a combination of the two would give true representation. Alberta was used as an

illustration, and I think the house will agree that a combination of the two systems certainly has not given true representation in that particular instance. The history of proportional representation in Europe has disclosed that it leads to a multiplicity of parties and groups, with no single party having a mandate to control. In my personal opinion, the use of second choices is really a lottery.

Mr. SPEAKER: I am sorry to interrupt the hon. member, but he has exhausted his time.

Mr. LAPOINTE (Quebec East): The hon. member has given the reasons why the committee opposed proportional representation, but those reasons would not apply to the alternative vote in a single member constituency. What reasons were given by the committee for opposing that?

Mr. BOTHWELL: I can only say that we analysed the votes in the different elections in Alberta and found that the use of the alternative vote in the rural constituencies and proportional representation in the two cities did not give true representation.

Mr. MacNICOL: Or in Australia.

Mr. BOTHWELL: The hon. member for Davenport says, "Or in Australia."

Mr. MacNICOL: Or in any state in Australia.

Mr. BOTHWELL: An analysis of the votes showed that true representation was not obtained under either system, and there is the additional danger of creating a multiplicity of parties and groups. I had intended to deal with compulsory registration and compulsory voting, but as my time has expired—

Some hon. MEMBERS: Go on.

Mr. BOTHWELL: I appreciate the courtesy of the house in permitting me to say a few words on this question. There seems to be a disposition among many hon. members to put compulsory voting into effect. The committee of which I had the honour to be the chairman dealt with compulsory voting in the first place, separate and apart from compulsory registration, but we finally came to the conclusion that compulsory voting could not satisfactorily be put into effect without compulsory registration. The committee then wound up its deliberations by considering compulsory voting and compulsory registration together. We had before us the results of the attempt that was made in 1934. I believe that every member of the committee was well disposed in the first instance to the idea of compulsory voting; but after analysing the figures and taking into consideration the fact that Canada would be in a different position from that of Australia, the committee was doubtful whether any benefits would be derived from either compulsory voting or compulsory registration.

Prior to compulsory voting being put into effect in Australia, only some fifty per cent of the electors exercised their franchise. After compulsory voting, this percentage rose to as high as 95·17 per cent. The hon. member for Davenport has referred to the fact that there were a number of informal or rejected ballots, the percentage running up to eleven point something per cent. I believe the percentage of rejected ballots in the last election was almost five per cent. In the 1935 election in Canada we polled seventy-five per cent of the vote.

Mr. BENNETT: Not quite.

Mr. BOTHWELL: The actual percentage was 74·17. Prince Edward polled eighty-one per cent; Saskatchewan, seventy-seven per cent and so on, the average for all Canada being as I have stated. When we consider that the rejected ballots in Australia have run as high as eleven per cent the situation in Canada does not appear to be too serious.

Mr. BENNETT: Except that forty-six per cent of the votes cast for Liberals brought them in over 170 seats.

Mr. BOTHWELL: That has to do with the other question we were talking about, the type of representation that we should have.

Mr. LAPOINTE (Quebec East): With proportional representation we might have had more.

Mr. BENNETT: No.

Mr. BOTHWELL: The committee looked into the matter. I had an opportunity of serving on that committee in 1934, and we thought at that time we were drafting an act which might be beneficial to Canada. When the committee got down to making the final report, there was a small committee of which I was not a member, but I have no doubt that every member of that small committee believed they were drafting a system of registration which would be in the best interests of Canada.

Mr. BENNETT: I may say for the information of the hon. member that before that bill was introduced we spoke about it to the then leader of the opposition and he was in favour of a closed list, as I was, and that legislation was for the purpose of trying to secure for this country a closed list.

Mr. BOTHWELL: Of course, if we have compulsory registration and compulsory vot-

ing, necessarily we shall have a closed list; but it might be possible to make an exception in connection with certain individuals who have been left off, and how they can be vouched for.

I have here an analysis of the costs of an election under the system that was put into effect in 1934, and I shall take just a few constituencies at random.

In Glengarry, the 1934 registration, the 1935 revision, and the election of 1935 cost $5,763.40; in the 1930 election in the same constituency the cost was $3,521.01.

In Halifax, Nova Scotia, the cost under the 1934 act was $28,570.17; in 1930, $20,949.78.

In Lisgar, Manitoba, the cost under the 1934 act was, $7,651.32; in 1930, $3,774.25.

In Red Deer, Alberta, the cost under the 1934 act was, $13,399.01; in 1930, $8,554.36.

Mr. BENNETT: The hon. member must remember that was establishing the first list.

Mr. BOTHWELL: That is quite true; but as far as the committee was concerned, they requested an analysis of the figures dealing with elections held from time to time with annual revisions under the 1934 act, and the figures I am giving are the results of that analysis.

In that same constituency of Glengarry, the total cost of the election in 1930 was $3,521.01. If we take the 1934 act, which provides for registration and annual revision, with the life of parliament four years, the cost, if the lists were printed annually would be $6,498.40; if the lists were printed only in the year of the election, the cost would be $6,398.12; and if the lists were not printed at all, the cost would be $5,905.32, as against $3,521.01 in the 1930 election.

In Halifax, with the life of parliament four years, the cost would be, with the lists printed annually $24,155; with the lists printed only in the year of the election, $23,915.92; and with the lists not printed at all, $21,018.68.

In Halifax, Nova Scotia, with the life of parliament five years, and the lists printed annually, the cost would be $27,404.65; with the lists printed only in the year of the election, $27,673.77; and with the lists not printed at all, $27,149.46; as against $20,949.78 under the 1930 act.

I could go on down the list and give other constituencies of which we made a study. For instance, let us take Brandon. In the 1930 election the total cost was $5,155, whereas with a parliament of five years under the 1934 act and the lists not printed, the cost would be $8,333.56. In Red Deer, Alberta, the cost was $8,554.36, as against $14,734.18; in Lisgar, Manitoba, $3,774.25, as against $9,157.90.

Since the committee sat, it has come to my attention that in the constituency of Ottawa West, which was enumerated on October 15, 1934, there were in the constituency—I have not the exact figures—somewhere between 55,000 and 57,000 voters. In anticipation of the annual revision in June, 1935, a canvass was made of that constituency with the result that from one organization alone there were 15,000 applications made for revision, deletions and corrections, and on the revision in 1935 there were 3,000 additional names put on. On October 15, 1935, it is reported that in spite of the close attention given to the lists in Ottawa West there were 2,500 names left off the lists. I am informed that in St. James, Montreal, constituency, where they have weekly tenancies, the situation would be very much worse. As a matter of fact, a closed list made under the system that was put into effect in 1934 would be out of date inside a month.

Mr. BENNETT: No harm would be done because, if it was only a month, no one would be entitled to be registered.

Mr. BOTHWELL: The committee considered that, not being able to get correct lists, the additional cost was out of all proportion to the results which could be obtained.

Some reasons that led to the findings of the committee, which, as the minister said this afternoon, were not unanimous so far as compulsory registration and compulsory voting are concerned—some reasons that appealed to me as being grounds for rejection were, first, the consideration that the percentage of votes polled in Canada in the last election was 74·17 per cent, and in many ridings the vote ran between 85 and 90 per cent.

In Australia, prior to putting into effect compulsory voting, only 59·35 per cent of the vote was polled. Second, the number of rejected ballots in Australia is some indication that an intelligent vote is not cast under compulsory voting.

Mr. HEAPS: Is it not possible that the eleven per cent of rejected ballots in Australia may have been a protest vote against compulsory voting?

Mr. BOTHWELL: That may be; but it is remarkable that in Australia there is anywhere between almost five per cent and eleven per cent of rejected ballots, whereas in Canada in the 1935 election we had only ·61 per cent.

Mr. HEAPS: Because in the one place there is compulsory voting and in the other place there is not.

Mr. BOTHWELL: Well, if compulsory voting leads to a vote that is not counted, it is hardly worth while going to the expense of putting compulsory voting into effect.

Mr. MacNICOL: The hon. gentleman said ·61 per cent—less than one per cent?

Mr. BOTHWELL: Yes.

Mr. MacNICOL: This afternoon I said, one per cent.

Mr. BOTHWELL: That is the evidence given before the committee by the chief electoral officer.

Mr. BENNETT: Were these Australian figures of the election of last year?

Mr. BOTHWELL: No; in the election of last year it was, I think, 4·5 per cent; I am not just sure.

Mr. BENNETT: Less than five per cent?

Mr. BOTHWELL: Less than five per cent. That is the reason why I referred to the fact that it ranged from almost five per cent up to eleven per cent. The hon. member for Davenport mentioned that owing to climatic conditions in Canada we would be limited to certain months for having elections.

Fourth, the cost of compulsory registration and compulsory voting seems to be out of all proportion to the results to be attained.

Fifth, the vote of those who are not sufficiently well informed or interested to exercise the franchise must be of little value in determining the thought of the people of this country as a whole.

It was for these reasons that the committee saw fit to reject both compulsory registration and compulsory voting.

Mr. DAVID SPENCE (Parkdale): Just a few words in connection with this resolution. I do not believe in anything of a compulsory nature; I never supported it when I was in the city council, nor have I done so in this house, because I am satisfied that unless you have seventy-five per cent of the people behind you, you cannot enforce anything.

As far as proportional representation and the single transferable vote are concerned, I suggest that we forget about them altogether. Many of these new things are not true, and we should not become too radical and introduce too many new things.

I wish to congratulate the Minister of Pensions and National Health (Mr. Power) upon his pleasant presentation of his resolution and his efforts to stop corruption in elections. Things have been becoming so horrible during the last couple of years that I do not know where we shall end. What we need is an honest administration of the elections act. I believe that the house to-day is in harmony with that feeling, and I congratulate hon. members upon a general desire to get away from corrupt practices in elections. In the last Ontario election we had more corruption in Toronto than we have ever had before in our lives.

An hon. MEMBER: Federal or provincial?

Mr. SPENCE: Not the federal election; the provincial election.

An hon. MEMBER: What about Parkdale?

Mr. SPENCE: I shall not mention my own riding, because there never has been any corruption there; there never was any necessity for it. Toronto has been clean so far as both Liberals and Conservatives are concerned. Until a short time ago we never had anything in the nature of corruption, chiefly because Toronto was strictly Tory; the Conservatives did not need to resort to corruption, and the Liberals were too scared to introduce it, so they did not do so. The consequence was that we had no trouble of that kind until the last election.

An hon. MEMBER: What happened?

Mr. SPENCE: May I say that I never saw anything like it before. I drove around the city all day—

An hon. MEMBER: It seemed to do the trick.

Mr. SPENCE: No; they did not do the trick; but they did very well; they did more than they had any right to do. They managed through all sorts of trickery to win a seat or two, because Liberals in Toronto realized that they had some strength and wanted to show it. Through the system of enumeration we have to-day, the names of thousands of people who did not live in Toronto at all were put on the voters' lists. Their names were given as those of persons living in big rooming houses and boarding houses. For instance, an enumerator might come to my house and take a list, from my wife or the nurse or somebody, of those who are in the house, and the enumerator would go away satisfied that those people actually lived there. I know of one house in my riding where only three people live, but on election day thirteen people from that place were on the voters' list and voted.

An hon. MEMBER: For you?

Mr SPENCE: No, not for me. They were the wrong kind. But in two other ridings in

Toronto where the Liberals were determined to win, what happened was terrible. Men were imported; I am speaking of the local election; this has nothing to do with federal affairs, because we have never had any corruption in federal affairs in Toronto either from Liberal or Conservative sources, and I gave the reason a minute ago.

Mr. MacNICOL: The hon. member will have to be on the watch the next time.

Mr. SPENCE: Yes. A number of people landed in town that morning from Montreal. I can assure hon. members that I am telling the exact truth, because I saw these people, and I saw five of them arrested in the middle of the day. They were put in gaol, and let out after the polls were closed. One party who was working for the Liberals in Toronto and looking after the advance poll stole a considerable number of ballots and wanted to sell them the next day to a friend of his; he wanted to meet the other fellow, and I do not believe anybody bought them. He was brought up in court, and Magistrate R. J. Brown discharged him because, so the magistrate said, his act was not a criminal offence and they could do nothing about it. It should be a criminal offence to do what that man did, that is, steal ballots out of an advance poll, take them to his friend the next day and try to sell them. That morning a number of boys came in from Montreal. Probably they were the bunch that the hon. member for St. Lawrence-St. George (Mr. Cahan) told us came from Boston on some occasion to vote against him. They may have been brought from Boston to Montreal and sent on to Toronto.

Mr. LAPOINTE (Quebec East): They were not French speaking.

Mr. SPENCE: We do not want corruption from Montreal. If Montreal wants to be corrupt in its elections, at any rate we in Toronto wish to keep clean, and we shall endeavour to see that the next election is cleanly conducted, no matter who wins. Perhaps I should not have told this story, but it is really a shame that such things should happen in this country at the present time. The public are just as blameworthy as the candidates. There are ridings that you can buy and ridings that you cannot buy. I am told that in some rural districts farmers who go to vote, now insist on getting paid for the time they lose in going to the poll. It is hard to imagine that sort of thing; it would not have happened twenty years ago. It is because the farmers are hard up and need a little assistance. They do not ask five dollars for their vote, but they want to be paid for the time they are away from their farms. Something must be done; some teeth must be put in the law so that the country may be run properly and decently.

Somebody has suggested—and I think it is worth acting upon—that the minister might agree, while of course giving the Liberal party the best of the deal in connection with election appointments, to give the Conservative party the next best; that is all we can expect at the present time. The suggestion is, I believe, that the Liberal party would appoint the returning officers and allow the opposition, whoever they might be, to appoint the poll clerks. I believe that the hon. member for Davenport (Mr. MacNicol) mentioned this; I heard it confidentially and should like to be assured that there is something in it, because it would be no more than a fair arrangement, and I would insist, when our party came into power, that they honoured the agreement. It would help to reduce the cost of elections. It would avoid the necessity of putting scrutineers in the polling booths if there were a Liberal acting as returning officer and a Conservative or the representative of another party acting as poll clerk. In that case it would not be necessary for any of the parties to pay scrutineers in that polling subdivision. If the Cooperative Commonwealth Federation happened to be the official opposition, the right to appoint the poll clerk would be theirs. I consider this a fair proposition, and I hope the minister will give it some consideration. I believe that in 1930 the minister appointed a Liberal enumerator and a Conservative enumerator; they went together from door to door, and they played the game fairly well. We had no cause for criticism. I am not in favour of the enumeration being done very long before an election, because that causes the candidates no end of difficulty. People move from pillar to post and one cannot keep track of them.

In conclusion, I urge that every party be given a fair show. Give the party in opposition a show, no matter whether it be Social Credit or Cooperative Commonwealth Federation or the Conservative party. Whatever the opposition party may be, give it the right to appoint a poll clerk and allow the government to appoint the returning officer.

Mr. ANGUS MacINNIS (Vancouver East): I have only a few words to say. I would not have risen but for the fact that the hon. member for Swift Current (Mr. Bothwell)

did not, in my opinion, make his position very plain in regard to proportional representation and the transferable vote. To my mind he seemed to consider that proportional representation and the alternative vote were one and the same thing and that they brought about the same results. Of course, any one who has studied the matter knows that they are quite different things and have quite different purposes. The purpose of the alternative vote is to ensure in single member constituencies that the member elected has a majority of the votes cast in that constituency. The purpose of proportional representation is to give political groups, according to their numerical strength in a constituency in which there is more than one seat, representation according to their number. And proportional representation does that very thing, while the alternative vote accomplishes the purpose which it is supposed to serve.

In Alberta, in the examples given by the hon. member for Swift Current, the alternative vote was used in the country districts and proportional representation in Calgary and Edmonton. If one examines the results one will find that they were exactly those intended by the two systems of voting. In the 1935 elections in Alberta, in the country areas the representation of various parties was as follows: The Social Credit party received 123,869 votes and got fifty seats; the Liberals, 47,050 votes and one seat; the United Farmers of Alberta, 30,603 votes and no seats; the Conservatives, 8,642 votes and no seats; Labour, 2,074 votes and no seats; others, 7,804 votes and no seats. It is quite clear that in those constituencies in which Social Credit members were elected, they received the majority of the votes cast in the constituency.

Mr. BENNETT: That is the whole point.

Mr. MacINNIS: Let us turn now to the results in Calgary and Edmonton. The votes polled in the two cities have been added together. We find that in Calgary and Edmonton the Social Credit party received 37,740 votes and obtained six seats; Liberals, 22,033 votes and four seats. The house can see clearly that the number of seats is proportionate to the vote. The Conservatives received 10,776 votes and got two seats; in other words, they got nearly half the number of votes received by the Liberals and they got exactly half the number of seats. Nothing could be fairer than that as a system of voting. The other groups evidently did not receive a sufficient number of votes to elect a candidate at all. Labour received 3,018, but got no seats; United Farmers, 2,092 votes and no seats; others, 2,800 votes and no seats.

I wish to give a true picture of this system of voting, so that before we either accept or reject proportional representation we shall at least know what it means and pass upon it on that basis. And the same holds good in regard to the alternative vote. The hon. member for Winnipeg North (Mr. Heaps) points out to me very properly that the alternative vote wipes out minorities, or rather, does not give representation to minorities, but it does assure representation to majorities.

Mr. BENNETT: That is the point.

Mr. MacINNIS: On the other hand, proportional representation assures representation to minorities provided that they constitute a certain definite proportion of the electorate.

Mr. MacNICOL: I may tell my hon. friend that proportional representation has been abolished wherever it has been abolished for the reason that it does not always give in the house a vote in proportion to the supposed vote in the country.

Mr. MacINNIS: But that is not the result. I must inform my hon. friend. I have shown by the results in Alberta cities that it does give representation according to numerical strength.

Mr. MacNICOL: It did not do so in Ulster.

Mr. MacINNIS: It does it everywhere; it cannot fail to do it. It is not a matter of juggling with votes; it is a mathematical process, and it works in the way I have indicated.

I am sorry that the committee last year did not bring in a recommendation for the adoption of proportional representation. This government, I believe, is pledged to electoral reform. I have before me an editorial that appeared in the Winnipeg Free Press of June 26, 1936, in which the present Prime Minister (Mr. Mackenzie King) is quoted. The reference is to a speech he delivered on September 29, 1932, in the Huron South by-election, and he is quoted as having said:

> I believe, too, that the electoral law should be amended in a manner which will help to ensure as complete an expression of the will of the people and at as little cost as may be possible. In the promotion of these all-important aims, the Liberal party has from time to time advocated the adoption of the alternative vote in single member constituencies and the adoption of proportional representation in double member constituencies. . . . These and other measures with which I have not time to deal at the moment would, I believe, be of far-reaching benefit. They are measures

for which the Liberal party will continue to press and for which, until they are achieved, I would ask the cooperation of all who wish to see them a permanent feature of our electoral system.

That is a clear statement for electoral reform.

I do not believe that by giving minorities representation or an opportunity to have representation in parliament there is much danger of multiplying the number of political parties. A political party cannot exist unless it represents a social and economic need. Political parties have an economic basis. I believe that political parties which have a certain strength should have an opportunity of having a voice in the parliament of Canada. Most countries of Europe, for instance, the Scandinavian countries, Belgium, France have proportional representation; the system differs from one country to another, but most of them have proportional representation. Generally speaking, I believe the government in those countries is carried on as efficiently as it is in countries which have not proportional representation. There is no reason why such should not be the case.

Right Hon. R. B. BENNETT (Leader of the Opposition): I shall endeavour to compress my remarks into a very few sentences. The whole basis of our representative institutions is bound up in this bill. When democracy was established, it is unnecessary to say that all the people used to meet together and the will of the majority prevailed. One well known writer said that the man who succeeded in inducing the will of the majority to prevail had rendered the greatest service to political institutions of any man in the world. When one thinks about that, one realizes the soundness of it. The problem before us is therefore a simple one: Shall we still cling to the rule of the majority governing, or shall we abrogate that rule and substitute for it rule by groups? That is the issue. Proportional representation involves the acceptance of the second principle; the alternative vote implies the acceptance of the first.

Let us analyse the problem for a moment. In a constituency there were cast 6,150 votes. Six members were to be elected. Dividing 6,150 by six gives 1,025. Adding one to that makes 1,026, which is the quota; any man who polls 1,026 out of 6,150 votes is elected. In other words, any group which has 1,026 votes and marks them all No. 1 will have its candidate elected. That is proportional representation. That is not government by the will of a majority. It is the negation of our understanding of representative institutions. For that reason I have set my face steadily against the adoption of proportional representation in this country.

There is a second reason quite as serious; that is, that the grouping of constituencies becomes almost impossible, for the reasons given by the hon. member for Swift Current (Mr. Bothwell), which I adopt and shall not repeat.

We come now to the question of the alternative vote. I heard a minister say in this house in 1926 that this was the policy of the Liberal party. The present Prime Minister (Mr. Mackenzie King) so declared, with certain restrictions. The statements made tonight with respect to the province of Alberta by the hon. member for Swift Current gave, I am sure inadvertently, an entirely erroneous impression. I sent for the Parliamentary Guide for 1931 in order that I might look at the results of the 1930 election there, and found, as I expected, that in that election, unlike the election of 1926, there had been in very few instances more than two candidates. Where there are only two candidates obviously the alternative does not apply. But in some cities they had to have more than one count. For instance, in the constituency of Clover Bar, Rudolph Hennig, running for the United Farmers of Alberta, had 1,338 votes; Christian Hein, independent, had 866 votes, and S. T. Bigelow, Conservative, had 692 votes. It will thus be observed that no one had a majority of the votes polled. A second count therefore became necessary, and the alternative chosen by the elector to his No. 1 vote was added, and brought about the return of Mr. Hennig by a majority vote. The purpose of the alternative vote is what they have clung to in France as being an essential of their democracy, namely, that every man who sits in the chamber of deputies shall represent a majority of the electors.

Mr. DUNNING: They hold a second election there.

Mr. BENNETT: I am coming to that. If on the Sunday of the first vote being taken it is apparent that with three or more candidates in the field no one has a majority of the votes, in practice the low man drops out, or the low men drop out; another vote is held on the next Sunday, and elections continue to be held until there is a majority. That is the law: The rule of the majority, the acceptance of that old principle with respect to representative institutions. In the very early days there had to be unanimity on the part of the clan or the tribe in order that action might be taken, and the substitution of the rule of the majority did not come

at once. It was not something that was discovered at the very threshold of the government of mankind.

When the rule of the majority is thus established, the question for us—and it is a simple one—is: Shall we accept a plan which gives representation to groups, or shall we cling to the theory that the majority must be represented in representative institutions? That is the whole issue. I am not going to express any opinion except to indicate that the hon. member for Swift Current overlooked the fact that in Alberta in the 1930 election there were, for the most part, two candidates; the question of majority was settled at once, and the alternative vote did not come into operation. But in several constituencies in which there were more than two candidates, a majority was not obtained by any, and in order that the rule of government by majority should prevail, the situation to which I have referred arose.

The hon. member for Swift Current directed attention to the fact that at the last general election in this country something slightly under seventy-five per cent of the votes were polled; of the votes thus polled forty-six and a fraction per cent were given to the Liberal candidates, and the Liberals have over 170 members out of 245 in this House of Commons. It is unnecessary to say that forty-six per cent of seventy-five per cent is a very different matter from forty-six per cent of all the electors. The fact is that the 170 Liberal members in this house represent something less than thirty-seven per cent of the electors on the rolls.

Mr. REID: Under the alternative vote how is a voter prevented from plumping?

Mr. BENNETT: The provision with respect to that is that the ballot is invalid unless it is marked for all the candidates. I have sometimes found that a little difficult in practice, but that is the provision. That is what we have here. As I say, forty-six per cent of seventy-five per cent represents about thirty-five per cent of the whole. I am not saying that by way of complaint. I am merely recording the fact as the minister did this afternoon, with respect to another phase of the matter.

How can we secure the continuance of our institutions in their strength, force and power unless by some means we conceive that more than thirty-five per cent of the electors of Canada are represented by 170 members out of 245? That is the question. I suggested the question of compulsory voting only because of what I had observed with respect to its operations in the great Commonwealth of Australia.

It is quite true, as the hon. member for Swift Current has said, that the preparation of lists costs money. But I wonder if we should pause very long to consider the expense of a few thousand dollars, if the result is to endeavour at least to save democracy itself. We will put away in some very doubtful undertaking more money than would be involved in a question of printing the lists. I confess that the first list in this country cost more money than I expected it would. It must be remembered that we had no closed list prior to 1934. During the absence of the Prime Minister I mentioned the fact that before the bill was introduced I discussed the matter with him; I told him what my views were with respect to closed lists, and he said he believed that closed lists were desirable in any country. He said further that some provision should be made, if possible, whereby no one should be deprived of his vote. And certain arrangements were made to meet that difficulty.

Mr. POWER: I believe in closed lists, too.

Mr. BENNETT: Yes. They cost too much money, of course; but closed lists, after once they have been established, have usually been found satisfactory.

Mr. POWER: That is the trouble; they have not.

Mr. BENNETT: In Canada we did not give them sufficient trial. In Great Britain, where they have such a tremendous population, their lists work to entire satisfaction. Of course the answer is this: Their population is within a comparatively small area, and the people take an active interest in matters of revision. But think of how they do it, with revising barristers and care, regarding, as they should, the franchise as being the priceless possession of the individual.

I can recall looking up the first lists of this country. I wonder if there are any hon. members who recall the franchise act of Sir John A. Macdonald with respect to farmers and farmers' sons, and how the printing of the lists was done. Once that began to operate, after the first lists were prepared, the difficulty was not great. The Liberal party of 1896 believed we should have provincial lists.

Mr. POWER: They objected strenuously to revising barristers.

Mr. BENNETT: Yes, quite. As will be recalled, we adopted the revising barristers from the British system. They still have it. Then we had the provincial lists for some time; and that, as the house will remember I pointed out this afternoon is, with some

slight modification, the acceptance of the United States plans. In that country there is no such thing as the double list in the sense in which we know it here. They use the state lists—or did—for their congressional elections. The hon. member may have been looking into that matter more recently than I have.

Mr. POWER: I think they are now largely made by municipal authorities.

Mr. BENNETT: Yes; and that list is used alike by the state and federal authorities. In Great Britain, as I said a moment ago, it is amazing how smoothly and easily the matter goes. It is not difficult to understand why this should be so. But it is so, and they revise their lists annually. At one time candidates helped to pay for them; I am not quite sure what the law is to-day. I believe they made some amendments recently, and I have not looked the matter up for the purpose of satisfying myself upon the point.

I have not made up my mind that a closed list is a failure in Canada. It was expensive and difficult in a new country, and where one has to establish, as we do here, the minimum period of residence within the boundaries of a constituency, the difficulty becomes even greater. Where there is, for instance, a shifting population, for example, as was pointed out, in one part of Montreal, where it is difficult to say that in some sections of that city residents will remain for as long as thirty days even, there will be very, very great difficulty indeed.

But I think we should in some way take steps that would ensure a more truthful reflection of the mind of the people than can come about by having 35 per cent of the electors qualified to vote expressing their will through 172 members out of 245. That, indeed, would be my reason in favour of proportional representation. It certainly is not a good reason why we should cling to the theory of majorities, when we have no such majority. I confess the problem is difficult. I have not any easy road to a solution of it to suggest to the house.

If we had a closed list; if we had compulsory voting—if we had these two things working in harmony, I am satisfied we would have at least 85 per cent to 90 per cent of the people of Canada voting. I was surprised at the remarks of the hon. member for Swift Current, who is usually so very fair; for he must have known, as we all do, the difficulty which came about, in the first instance, through compulsory voting in Australia. There were so many spoiled ballots. But in the last general election on that great island continent it will be recalled that the rejected ballots were only a few over 4 per cent—less than 5 per cent. After all, when one remembers that they elect both senators and commoners by proportional representation, one can see the ease with which difficulties would arise, because the necessity for marking one's choice of every candidate is something which is sometimes easily forgotten, and the number of spoiled ballots increases accordingly.

When we first adopted this system in the city of Calgary I recall going down to the city hall for the purpose of looking into the matter, with the city clerk, and I found that in the first election a very large number of our people forgot to vote for more than, let us say, the five or six aldermen they wanted. They stopped at that, although there may have been ten candidates. The law is explicit with respect to proportional representation that you must express your choice for all candidates whose names appear on the ballots, as has been pointed out by the hon. member for Vancouver East (Mr. MacInnis). If you fail to do that, you have not exercised your franchise, and your ballot is bad.

Having regard to that fact, I think it will be agreed that they have made tremendous progress in Australia, when in their last election only 4·27 per cent, or less than 5 per cent of the ballots were rejected. That is a great advance, when one stops to consider the number of ballots cast for both commoners and senators.

I should like to feel that we are making some progress in the matter. Certainly we are not making any, if we just leave it as it now stands; for, as the Prime Minister pointed out in the early part of this parliament, a very large number of members in the house are minority representatives. A very substantial number are the representatives of minorities; I forget the numbers he gave on that occasion, but I remember that he did give numbers. If hon. members will take the trouble to look into the matter, they will see that the number is affected more than they thought it would be. We do not represent the majority of the electors in the constituencies, and therefore do not constitute the representative institution that came down to us from the original establishment of the doctrine that the majority could speak for the tribe or for the clan or for the public meeting. From my reading of history it is plain that it was not the simplest thing in the world to get a body of men to agree that the majority should bind them all. The

old warriors used to insist upon unanimity, and it was quite a while before they reached the point where they would agree to allow the majority to govern their actions. There was the same difficulty in connection with public meetings. Of course, all this is centuries old, but we are departing from the principle at this time. It gives point and substance to the observations made by the hon. gentleman who has just taken his seat, that if you are going to have minority representation in your house you should establish proportional representation which is the scientific method of giving effect to the right of minority representation.

There is no doubt about that in so far as we are concerned. The truth is that in Edmonton and Calgary there is a limit upon the number of men the old parties can elect. They cannot get beyond that, try as they will. The reason is obvious. If there are six to be elected, the electors must show their choices for all. Despite the most careful efforts that can be made, human nature being so different in Calgary and Edmonton from what it is in Ottawa or Toronto, there is always a lurking desire on the part of every candidate that his friends should mark "one" after his name, instead of scientifically adjusting their ballots so as to ensure a complete indication of their choice. The result is that there is a limit upon what can be done in the way of ensuring the return of one's particular friends. Of course, the establishment of group representation is brought about. That is obvious; the result cannot be otherwise. Each member of the group will put "one" after the name of the favourite of that group, and the result I have indicated follows.

I think this is a negation of democracy. It is certainly the exact opposite of the theory of representative institution, which is government by the majority. If we remain as we now are, we certainly are making no step forward to see that this institution called the Houses of Parliament is representative of the majority of the electors, which is the purpose we have in mind. I only hope that the committee will consider the matter carefully. Even although it is compulsory action, which the hon. member for Parkdale (Mr. Spence) does not like, I think when he sits down and considers matters, he will realize that our life itself is a life of compulsion. On every side each must sacrifice something of his own personal liberty in order that all may enjoy some measure of it. Our laws are: Thou shalt not. So far as my memory serves me, the stone tablets had strong indications that "Thou shalt not" was the basis of the commandments upon which our laws are founded.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, although this matter seems to be one of academic interest, I must confess that I have not changed my mind in connection with the use of the alternative vote in single member constituencies. I favoured that system years ago; I even introduced a bill in the house and I am still in favour of that system, more particularly after the remarks of the right hon. leader of the opposition (Mr. Bennett). However, the matter seems to be of academic interest because a large majority of hon. members appear to be against the system and have so expressed their views in the committee which studied the matter last year.

As far as proportional representation is concerned, I cannot favour it because of the conditions that exist in this country. As has been stated, it would be impossible to join together four or five large constituencies such as we have in Canada in order to put into practice a system of proportional representation. But this would not be so in the case of the alternative vote in single member constituencies. I claim that a member elected under that system would more adequately represent the general opinion in the constituency. The electors who could not elect their first choice, at least would have somebody closer to their views. As the situation is to-day, we have members representing the minorities in the constituencies.

To illustrate the system as it is to-day, let me take one case in particular. In the last general election the hon. member for Verdun (Mr. Wermenlinger) polled 5,602 votes and was elected. I am proud to have him in this house, even though the system is bad. There were eleven candidates in that constituency and the total vote polled was over 25,000. That is what can result under the system as it is to-day. If that happened in one constituency, it can happen in another.

Mr. BENNETT: Depending upon the number of candidates.

Mr. LAPOINTE (Quebec East): Depending upon the number of candidates. As the right hon. leader of the opposition has stated, that is not really rule by the majority.

Mr. MacNICOL: Would the minister call what happened in the 1919 election in Australia rule by the majority? In that election 860,000 votes elected seventeen senators; 820,000 votes elected one senator, and 117,000 votes elected no senators. That was under alternative voting.

Mr. LAPOINTE (Quebec East): I cannot see how that could happen.

Mr. MacNICOL: Those are the facts.

Mr. LAPOINTE (Quebec East): That must be proportional representation.

Mr. MacNICOL: No; the alternative vote.

Mr. LAPOINTE (Quebec East): I cannot see how it could happen under the alternative voting system.

Mr. BENNETT: It could not happen?

Mr. BOTHWELL: Does my right hon. friend realize that the alternative vote is only part of the proportional representation system?

Mr. BENNETT: It is the opposite.

Mr. LAPOINTE (Quebec East): It is a separate thing. Proportional representation assures the representation of the minority, while the alternative vote makes sure that the majority of the constituents shall elect the member. This is the system that prevailed in most European countries until something happened recently. They have not yet accepted it in Great Britain, although a royal commission, I believe appointed by the Asquith government, reported in favour of both.

Mr. BENNETT: MacDonald and Asquith spoke against proportional representation.

Mr. LAPOINTE (Quebec East): But the Labour majority in the house before 1927 was in favour of the alternative vote. I am sorry that after they got into power they fell from grace and left the Liberals alone in their advocacy of proportional representation and the alternative vote. The responsibility of government seemed to have changed their views with respect to the system, and proportional representation and the alternative vote seem to have been forgotten altogether. While I have no hope that we shall adopt the system in Canada during this session, at least, I think it my duty to say that I have not changed my mind about it and I am still in favour of it.

Motion agreed to, and the house went into committee, Mr. Sanderson in the chair.

Resolution reported, read the second time and concurred in. Mr. Power thereupon moved for leave to introduce Bill No. 91, respecting the franchise of electors and the election of members of the House of Commons.

Motion agreed to and bill read the first time.

Mr. POWER: Mr. Speaker, by leave of the house I would ask that we revert to Government Notices of Motions in order that I may move the resolution standing there in my name to set up a special committee. I did not move the resolution earlier in the day on account of certain negotiations going on between the whips with respect to the membership of the committee and because of certain changes that are being made in the language of the resolution.

Mr. SPEAKER: By leave of the house.

The house having reverted to the order for Government Notices of Motions.

ELECTIONS AND FRANCHISE

APPOINTMENT AND PERSONNEL OF SPECIAL COMMITTEE

Hon. C. G. POWER (Minister of Pensions and National Health): Mr. Speaker, I beg to move:

That a special committee consisting of Messrs. Bothwell, Brunelle, Cahan, Clark (York-Sunbury), Dussault, Factor, Fair, Glen, Heaps, Jean, MacLean (Prince), MacNicol, McCuaig, McCulloch, McIntosh, McLean (Simcoe East), Mullins, Parent (Quebec West and South), Pelletier, Perley, Power, Purdy, Rickard, Robichaud, St-Père, Stevens, Stewart, Stirling, Taylor (Norfolk), Turgeon, Turner, Wermenlinger and Wood, notwithstanding section one of standing order 65 in relation to the number of members thereof, be appointed to consider:

1. A certain bill intituled "An Act respecting the franchise of electors and the election of members to the House of Commons," and to make such amendments thereto as it deems advisable;
2. A certain bill intituled "An Act respecting Political Expenditures," and to make such amendments thereto as it deems advisable;
3. Such other proposed legislation relating to elections as may be referred to it by this house;
4. The method used to effect a redistribution of electoral districts in Canada and in other countries;
5. The evidence and report of the special committee appointed in the session of 1936 and reappointed in the session of 1937 to study the Dominion Elections Act, 1934, and the Franchise Act, 1934;

With power to call for persons, papers and records, to examine witnesses and to report from time to time.

Right Hon. R. B. BENNETT (Leader of the Opposition): I apprehend, Mr. Speaker, that the provisions of the resolution dealing with redistribution do not foreshadow action but are rather for the purpose of ascertaining what have been the methods utilized in effecting redistributions in Canada and in other countries. Am I right in that assumption?

Right Hon. W. L. MACKENZIE KING (Prime Minister): In other countries and in Canada, yes.

Motion agreed to.

UNEMPLOYMENT RELIEF

MEASURE FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

The house resumed from Monday, April 4, consideration in committee of the following proposed resolution—Mr. Rogers—Mr. Sanderson in the chair:

That it is expedient to bring in a measure to provide assistance towards the alleviation of unemployment and agricultural distress, and for such payments out of moneys appropriated by parliament as may be necessary for all or any of the purposes of the proposed legislation.

Mr. W. A. WALSH (Mount Royal): When the committee rose last evening, I had already covered a certain amount of the ground that I desired to cover. I had already mentioned that I did not consider that the government had done its full duty in waiting two and a half years before giving really serious consideration to some plan of action. I also suggested that it was unfortunate that the present session did not see agricultural distress separated entirely from unemployment as such and placed where it really belongs, namely, under the Department of Agriculture, and unemployment otherwise left to the Department of Labour. I also suggested to the minister that he had allowed himself to be carried away on a flood-tide of verbosity and had given utterance to words which conveyed little or no meaning but were merely pleasant and satisfactory to listen to, words which gave no ray of hope to the unfortunate people who are waiting for something to alleviate their present distress. I believe I also suggested that the method pursued by the present government of allowing commissions to be appointed to do work which properly belongs to a government, is not only costly but gives rise to long delays. Further, I pointed out that hon. members have not been given sufficient time properly to study the proposals brought in by the employment commission.

In referring to statements made by the minister over a period of more than three hours, I was reminded of a similar discourse of shorter duration which he made in the city of Pembroke during the course of the by-election last year. He suggested that a certain member of this house, speaking the previous evening, had given an address which, the minister declared, contained more inaccuracies and misrepresentations than he had encountered in any speech in years. When I read that statement I regretted that the minister's lack of experience had given him a false idea of facts. I want to assure him that when I deal with facts and figures I get them from reliable sources; I do not try to make figures represent what actually they do not represent. I know the minister will recognize this sheet, and will realize that if there were any inaccuracies in the speech made in Pembroke by a member of this house, they came direct from the Department of Labour and from nowhere else.

Mr. ROGERS: Was that the whole of the speech of my hon. friend—the sheet of paper he has there?

Mr. WALSH: It contained a very considerable amount of information, as the minister will readily recognize, and the officials of the department will recognize that it took them a considerable length of time to prepare. To show how accurate the minister is, he immediately followed his remark with this statement:

Where it had been suggested unemployment was increasing, the fact was that 60,000 wage earners had obtained jobs in the last 12 months.

Half-truths are sometimes worse to catch up with than statements which could be otherwise characterized. The minister switches from one phase of the subject directly to another phase of the subject, and then continues:

While Conservative leader R. B. Bennett would criticize in his speech here next Saturday—

He was anticipating the visit of the former Prime Minister.

—the cost of the employment commission, this cost had not—

And then he intrudes the little words "to date."

—to date, been more than one-third the cost of the late price spreads commission, Mr. Rogers said.

That is according to the report in this paper. It is a statement made to lead the people to believe that the cost of the employment commission was quite small as compared with the cost of the price spreads commission; but it was made before he had included his estimate of $275,000 to cover their work for the fiscal year upon which at that time we were about to enter. I refer to statements of that kind merely to show that misrepresentations are not confined to one political party. Personally I resent a suggestion that I have deliberately misquoted facts and figures in order to mislead the electorate of Pembroke or of any other part of Canada.

In the same speech the minister seemed to glory particularly in the fact that the courts of Canada and Great Britain had turned down the social legislation of the late Conservative government. He took pride in the fact. He

pointed out to the people of Pembroke and, through them, to the people of Canada that that legislation had been rejected by the courts, as the Liberals had anticipated, and he was inclined to be boastful about the fact, I should have imagined that he would regret that social legislation instituted by a previous government for the good of the Canadian people had been treated in that way. But he expresses no regrets.

Mr. ROGERS: Well, but what else do I express, if my hon. friend wishes to state the situation correctly?

Mr. WALSH: He suggests here that:

Instead of advancing social security in this country Mr. Bennett retarded it—

Mr. ROGERS: Quite.

Mr. WALSH:

—by arbitrary appropriation of provincial jurisdiction.

Mr. ROGERS: Is there an expression of satisfaction that the legislation was thrown out?

Mr. WALSH: I shall read on.

The position taken by the Liberal party has been completely upheld by the Supreme Court of Canada and the privy council.

Mr. ROGERS: True.

Mr. WALSH:

All doubts have been removed by the Liberal party, so it will proceed with the working out of a co-operative program of constitutional means.

Mr. ROGERS: Will my hon. friend permit a question?

Mr. WALSH: Surely.

Mr. ROGERS: Does he really think it would have been to the advantage of this country to have had a program of social legislation actually placed in operation, an organization set up to deal with it, and then to have that legislation and the organization declared inoperative and beyond the competence of this parliament? Does he think this would really have contributed to social progress in this country?

Mr. WALSH: The point of view I always took in connection with that legislation was this, that if it had not been interfered with, if it had been put into effect, the chances are that there would not have been found anyone or any government in Canada to offer effective opposition to that legislation. Moreover, the courts would have been inclined, seeing that the acts were in force, to take an altogether different point of view.

I am convinced that when you take a stated case to the Supreme Court of Canada, you go there with a question mark opposite your legislation; and with that question mark staring the judges in the face they cannot do otherwise than carefully scrutinize the legislation and wonder why it is there. There must be some doubt in the minds of the authorities if they send it there. You go there with a question mark opposite your own legislation and there is a doubt; whereas if you put it into effect and have someone else direct attention to it, you at least stand on the ground of belief in what you have put into effect; you believe that it has some force in law. I may be wrong, but that is my opinion; I am not a jurist, simply a layman. I notice that the most competent authorities on the Liberal side laugh such an idea to scorn. Well, as I have said on different occasions, I am always happy to have the advice of lawyers when it is absolutely necessary; but where common sense is of more value than legal opinion, as it sometimes is, I would rather take the opinion of the lay mind.

The minister has quoted certain figures to show that unemployment has decreased. I do not doubt his figures as tabulated; but I want to point out to him that the distress in Canada is as great to-day as it was a year ago, as great as it was two years ago to-day. We have fewer people unemployed, but I can tell the minister that there is a large number of people in distress who are not on the unemployed list. They are being employed in factories for two or three days a week on a mere pittance, and for that reason their names no longer appear on the unemployed list. That gives rise to distress; that is a serious problem and one with which we should be concerned in this parliament. As I intimated last evening, however, I have very little hope that the problem will be seriously and courageously faced by those who are at present administering the affairs of the dominion. I am only hoping that some of my Liberal friends will take the opportunity to get into this debate and make a real effort on behalf of the people of Canada, instead of coming here to applaud others who are endeavouring to do something in the interests of their constituencies. If there were more thinking and less interfering with those who are trying to do some work, we might make more rapid progress even in this parliament directed by a Liberal ministry.

Mr. McCANN: That is the school teacher.

Mr. WALSH: Probably it would be better if we had fewer doctors and more school

teachers. I suggest that this government is fighting shy of responsibility. It is undermining our democratic institutions by appointing commissions to do the work that the elected representatives of the people were presumed to do. It is handing over the legitimate work, the responsibility of cabinet and of parliament, to commissions who are in no wise responsible to the people. This, in my opinion, is undermining our democratic institutions and is taking a direct blow at democracy, for which many have struggled in the past in order to bring it to its present form, which we enjoy as a privilege. The sooner we get back to the democratic, parliamentary form of government, the sooner will the people be satisfied that they are living in a country in which they can expect their problems to be courageously faced by the representatives whom they send here. We are tired in Canada of the commission form of government and of a government in office who are continuously shirking their responsibility to the people and shifting that responsibility on to commissions or into the courts, in this way hiding themselves and their inability to handle problems.

There is one more point that I wish to touch on in closing. The minister made a three and a half hour speech yesterday. I have read it carefully, and I want to ask him, when the bill is finally introduced and comes up for second reading, to take fifteen minutes to outline to the house the real and genuine policy of the present government in dealing with the question of unemployment. I suggest to him that he dismiss all unnecessary words, dismiss all these fine academic phrases and get down to real hard, concrete facts—1, 2, 3, 4, and so on. Let him do this so that the people of Canada will understand that the problem is being satisfactorily dealt with; so that those who are unemployed, those who are partly employed, our young people who have not yet had an opportunity of finding employment, will all know that the parliament of Canada, led by even a Liberal ministry, is actually doing something in their interest and working out their ultimate salvation. I shall ask the minister to do that in just fifteen minutes. I shall ask him to give us an outline of the Liberal policy to show what they propose to do during the next fiscal year to meet this serious problem. The minister knows it is a serious problem; everyone knows it. I read in the press last week of 400,000 young people in the city of New York who had not yet been placed in industry or had not found work. The same condition prevails in our own country. What are we doing to help these people? The responsibility rests upon this government. What are they doing to assist these people who are looking to them? I leave the question with the minister and look forward to a concrete statement, taking about fifteen minutes when the second reading of the bill comes up, so that I shall know what to tell my people, when I return to my constituency, as to what they may expect from the present government in the immediate future.

Mr. J. M. TURNER (Springfield): The resolution before the house reads:

> That it is expedient to bring in a measure to provide assistance towards the alleviation of unemployment and agricultural distress, and for such payments out of moneys appropriated by parliament as may be necessary for all or any of the purposes of the proposed legislation.

This resolution and the bill that follows should, in my judgment, constitute one of the most important pieces of legislation ever to come before this present House of Commons, because it touches upon the lives and very livelihood of nearly one million people in the Dominion of Canada, in short, one out of eleven of its entire population.

This vital question, yet unsolved, has been a menace to the Canadian people for the past eight years, and according to reports for the past three months or so we are again heading back into the woods instead of in the opposite direction. Relief and unemployment figures are still cause for alarm. It is therefore possible that we may be hitting into another depression without coming out of the one which started in 1930.

There is at present right across the dominion a general feeling of unrest and insecurity, which seems to be growing, and I think we can attribute that feeling to the great number of people who have no work, who are on relief and have very little hope of getting a job. I have several suggestions to make, some of which I gave in this chamber last year. Hon. members will be interested to know that until now unemployment relief has cost this government alone nearly $300,000,000. This is exclusive of money spent by the provinces and the municipalities. Therefore, let us assume that we are starting all over again, having that enormous amount of money to spend. I suggest that the government consider some of the following suggestions:

1. We should complete the trans-Canada highway from one end of Canada to the other, hard-surface it and make connecting links with the United States and to all our national parks, as a dominion unemployment scheme.

2. We should see how many of our unemployed we could get to go on the land, in districts which have never been in the dried-out areas. My own constituency of Springfield is one such district, and there are many others. I have had many letters from people living in the cities who have had some experience on farms, who would be willing to go back to the land if they got proper assistance.

3. Why should we not, with the abundance of surplus electricity given to us by providence, supply all the rural homes with the simple convenience of electricity? In my judgment, that is one of the reasons why the people of to-day, especially the young people, are so desirous of leaving the farms, and are found walking the streets of our cities. They have not any conveniences whatsoever to encourage them to remain on the farms.

4. We should do something to encourage industries, such as the sugar beet industry and canning factories, which would help not only the farmers and the labour market, but the consumers, who should be the first consideration of this dominion. I suggest that we study New Zealand's example, which at this time is establishing an iron and steel industry which will employ 1,500 men steadily, and I am informed that the money for this enterprise, some $25,000,000, is being advanced by a national state bank without cost to the taxpayers. We should also start a national slum clearance campaign, and also look to the opportunities afforded in the various mining developments. All these works would become assets of the Dominion of Canada, and revenue bearing as well.

Then I suggest to the Minister of Labour that this government should give serious consideration to the proposal that the employable unemployed should be a dominion government responsibility. Prepare the way now to commence on an all-Canada front and place these men on works such as I have suggested. If they failed to take advantage of opportunities afforded them for employment they would then have to seek other work themselves.

Coming back to the trans-Canada highway, with connecting links with the United States and various national parks, I believe it would bring thousands of tourists from across the line and, through the gasoline tax, etc., thousands of dollars into the treasuries of the provincial governments, particularly those in the west, which are almost bankrupt. Merchants, hotels, tourist parks, garages and other lines of business would similarly benefit. We must keep in mind that the tourist industry is the third largest industry in the dominion, and we should do everything to encourage it and at the same time help to eliminate the terrible unemployment that exists. Also the trans-Canada highway would increase the value of lands in the areas through which it passes. This is not to be overlooked.

Dealing with the extension of electrical service to districts which have not that service, I would point out that at this time the government of Manitoba has made wonderful progress in this direction and shows a surplus this year. I would ask this government, if approached by the Manitoba government, to lend their assistance in helping the Manitoba hydro in financing the seventeen extensions which they propose to build this year, and which will give employment as well. Some of those seventeen towns are in my own riding, where nearly all the electricity is generated for the province; I refer to such towns as East Selkirk, Lockport, Gonor, Narol, Tyndall and Garson.

This resolution is so important to the welfare of the people of our dominion that I believe the people generally care not whether they are relieved from misery and suffering by an unbalanced budget or monetary reform, if necessary, or any other method, as long as they are given opportunity to work and earn a decent livelihood. May I impress upon our worthy Minister of Finance not to be in haste about balancing the budget until the million people to whom I have referred are first taken care of.

With respect to the disunity that is so prevalent at the moment, I know of no other way that would help as much to hold the nine provinces together in a spirit of good will as the completion of the trans-Canada highway, so that the thousands of people of the east who now go to the United States and elsewhere will go west, and the people of the west will visit the east. In that way, through the exchange of thought, the feeling of friction between the east and the west will disappear and we shall have a stronger united Canada. The cost should be a secondary consideration. I have noticed time and time again in Winnipeg how few Ontario cars we see, hardly any from Quebec, and I do not remember seeing any at all from the maritime provinces. Such conditions are bound to affect our country. The trans-Canada highway should be a magnet to draw the tourist trade of the North American continent, and if made so the tourist business would double in no time.

May I say to the Prime Minister and to the committee that it is about time this supreme House of Commons should go rapidly forward in instituting an unemployment insurance scheme, and that this dominion should have the final authority in all such matters

of supreme national importance. Look at what the mother country has done with respect to unemployment insurance.

I urge the Minister of Labour to bring in a bill, based on this resolution, wide enough in scope to relieve the terrible suffering and misery and supply the needs of the underfed and improperly clothed children who to-day in my constituency are wearing cotton clothes in forty below zero weather when they should have substantial woollen clothing. I care not whether we sit here until a year from to-day, or longer if necessary, if I could be assured that results will be accomplished to help our people. I am prepared to support this measure whole-heartedly, and any other legislation that leads in the direction I have indicated.

In conclusion, may I take this opportunity of thanking the Minister of Labour for the help afforded my constituency by way of road work, etc., and hard-surfacing part of the trans-Canada highway, which has tremendously increased our tourist trade and business in general, and better than that it has put some cash into the pockets of hundreds of our people who were greatly in need of it. May he lend his assistance to complete this year the work started in 1937.

Progress reported.

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

Wednesday, April 6, 1938

The house met at three o'clock.

ROYAL ASSENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following letter:

Ottawa, 6th April, 1938.

Sir,—I have the honour to inform you that the Honourable Thibaudeau Rinfret, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber on Thursday, the 7th April, at 5.30 p.m., for the purpose of giving the royal assent to certain bills.

F. L. C. Pereira,
Assistant Secretary to the
Governor General.

PRIVILEGE—Mr. LACROIX

PRESS REPORTS OF STATEMENTS MADE BEFORE THE PUBLIC ACCOUNTS COMMITTEE OF THE QUEBEC LEGISLATURE

Mr. EDOUARD LACROIX (Beauce) (Translation): Mr. Speaker, I rise to a question of privilege, and since it is a matter of great personal concern, I have written down what I intend to say. Yesterday, before the public accounts committee, at Quebec, my integrity was called in question by the prime minister of my province, as reported by several Canadian newspapers.

Taking for granted that the report published in La Presse of April 5th page 25, is an accurate statement of what occurred in the public accounts committee, which report was moreover substantially corroborated by all other Quebec newspapers, I notice the following words:

Hon. Mr. Duplessis: Do you know Mr. Edouard Lacroix, the federal member for Beauce?

Mr. Gagnon: Yes sir.

Hon. Mr. Duplessis: He is a lumber merchant?

Mr. Gagnon: Yes sir.

Hon. Mr. Duplessis: Tell the committee what you know about Mr. Lacroix's dealings.

Mr. Gagnon: Under a statute of 1910, it was forbidden to export to the United States any lumber coming from crown lands. Well, in 1924-25, Mr. Lacroix cut down several thousand feet of lumber which he shipped to the United States.

Hon. Mr. Duplessis: Where was that timber cut?

Mr. Gagnon: On crown lands in Daaquam township.

In reply to this first charge, I wish to state that contrary to what the prime minister of Quebec endeavoured to bring out according to what I have quoted, never, absolutely never has a single cord of wood from Daaquam township been exported to the United States either by myself or by any of my companies. So much with regard to that first malicious or politically sadistic falsehood.

Then the same individual further tried to show through a man in his pay that I had cut trees of a smaller size than that provided in the statute, in that same Daaquam township, and therefore that I owed $117,991 in fines to the provincial government. Well, Mr. Speaker, I hold in my hand a receipt from the government of the province of Quebec, showing that all the fines that I have incurred during the whole course of my life through regular development of our forests, and over which I had no personal or absolute control, amounted not to $117,991, as erroneously and maliciously stated by Mr. Duplessis, but actually to only $5,000.

Not only can I say and prove to the people that the offences to which I have referred were the only ones committed, but I have also before me all the proper receipts from the provincial government showing conclusively that I owe nothing, and moreover that I always paid regularly each year and in proper

time the amounts which I was bound to pay under the law. And these amounts are not those which Mr. Duplessis also tried viciously to establish; I have paid $121,910.90 in excess of that, namely $244,601.98.

Mr. Speaker, if I am wearying the house with these personal details, it is not so much for me as for the sake of my wife and children of whom I may well be proud, unlike Mr. Duplessis, and to whom I shall leave the well known reputation of an honest business man, who always paid fair salaries to his employees, thus giving my family an example of christian charity, of honesty and of morality which I would be loath to compare with that of the prime minister of the province of Quebec, whatever he may say.

In fact, if the prime minister had been prompted by that spirit of justice which must always be based on christian charity, he would not have singled out the member for Beauce in connection with the logging operations in Daaquam township; he would have also referred to previous and later companies—

Some hon. MEMBERS: Order order!

Mr. SPEAKER: The hon. member for Beauce—

Mr. LACROIX: —whose policy has been similar to mine, unless his purpose was to show once more his gratitude to the powerful companies for which he has so much sympathy.

Mr. WALSH: Mr. Speaker—

Mr, SPEAKER: The hon. member for Mount Royal has the floor.

Mr. WALSH: Mr. Speaker, I rise to a point of order. I hardly think that on a question of privilege the hon. gentleman is in order in discussing a matter which has been and is being dealt with in the legislature of one of the provinces. I understand that the rules of this house allow a member to defend himself against an attack that has been made upon him publicly in relation to the discharge of his duties as a member of the house, but I do not think that the attack he complains of has been made on the hon. member as a member of this house. I raise that point of order, Mr. Speaker.

Mr. SPEAKER: Does any other hon. member wish to speak to the point of order?

Mr. BENNETT: Mr. Speaker, it is quite apparent, I think, without going into the authorities at all, that it is competent for any hon. member who has been attacked in his capacity as a member of this house to rise in his place on a question of privilege and make such explanation or statement as he may think desirable to negative the inferences to be drawn from any public statement attacking his honour or his fitness as a member of the house. But to rise in his place and discuss his relations with the provincial government with respect to lumber transactions and licences for the cutting of timber is to deal with purely a provincial matter, and if we are to listen for a quarter of an hour on a question of privilege to a statement that has to do with purely a provincial matter, where are we going to land? That is the question at issue.

I cannot but think that the hon. member will realize that he is dealing with something that might properly be dealt with in the legislature at Quebec, something having to do with his capacity as a business man, not as a member of this chamber, and the discharge of his obligations in connection with a matter affecting timber licences and timber rights in that province, over which we have no control. If every transaction that affects the question of a man's relations to provincial governments or to contractual obligations with respect to timber or sales of lumber in the United States is to become the subject matter of discussion in this chamber on a question of privilege, certainly, Mr. Speaker, this house is going to be in rather a difficult position.

Mr. LAPOINTE (Quebec East): Mr. Speaker, a few years ago, when a committee sitting in Manitoba had found something against a member of this house, the late Hon. Mr. Rogers, I well remember that he rose in his place in this house and answered the charges that had been made against him, not as a member of the House of Commons but as a public man in the province of Manitoba.

As far as my hon. friend from Beauce (Mr. Lacroix) is concerned, I listened to what he was saying. He was grossly attacked yesterday, not as a member of the House of Commons but as a man, and he takes the opportunity to defend himself and his honour in the only tribunal of which he is a member, namely, the House of Commons.

My right hon. friend (Mr. Bennett) may be right in saying that the hon. member should defend himself in the legislature or committee of the legislature of Quebec, but if my right hon. friend knew how proceedings are being conducted there, he would know that men are attacked and are not given the right to say even one word in their defence or in explanation of the charges made against them.

I merely want to add that all of the colleagues of the member for Beauce ought to support him in his endeavour to vindicate his honour as a man.

Mr. BENNETT: Mr. Speaker, I have one observation to make with reference to what the Minister of Justice (Mr. Lapointe) has just said. I prefaced my observations by the remark that any statement made outside of this house that reflects upon the honour or fitness of a member to sit in this chamber as a representative of the people, he is within his rights in denying as a matter of privilege. He has the right to deny any insult directed against him outside of this chamber touching his capacity as a member; indeed his duty is to deal with it promptly in this chamber, but not to make an elaborate speech dealing with his relation as a business man and merchant and lumber man with the government of the province of Quebec or any other province. The distinction is clear. It is mentioned in the books with great particularity.

Mr. WOODSWORTH: Mr. Speaker, the Minister of Justice (Mr. Lapointe) has made an appeal for our sympathy—

Some hon. MEMBERS: No.

Mr. LAPOINTE (Quebec East): No sympathy at all.

Mr. WOODSWORTH: It was an appeal for sympathy, and I say that our sympathy may very well be warranted. But I suggest that we cannot play fast and loose with the rules of the house, and if the hon. member were living in some other part than in Quebec and belonged to some other party than the party in power, I do not think an appeal of this kind would be permitted. Hence it seems to me—

Some hon. MEMBERS: Order.

Some hon. MEMBERS: Withdraw.

Mr. WOODSWORTH: I say that is my opinion, and I do not withdraw. For that reason some of us who belong to minority groups might very well hope that there would be an extension of sympathy and every privilege possible afforded for any member who has been maligned to vindicate his honour. At the same time we must insist that the rules be kept; if they are not rigidly adhered to, it should be distinctly understood that the rule is for this particular purpose set aside, or such a matter might be quoted in future as a precedent. Citation 161 is very clear.

> Libels on members have also been constantly punished: but to constitute a breach of privilege they must concern the character or conduct of members in that capacity—

That is, in their capacity as members.

> —and the libel must be based on matters arising in the actual transaction of the business of the house.

[Mr. E. Lapointe.]

If I understand aright, the matters concerned have not arisen in connection with the transaction of the business of this house: hence I do not see that in accordance with the rule this matter can be raised as one of privilege. If it is put on a sympathy basis I will vote in favour of it, but not as coming within the rules governing the privileges of the house.

Mr. MACKENZIE KING: When my hon. friend who has just spoken makes the inference that his Honour the Speaker is according to the hon. member for Beauce a special privilege because he comes from the province of Quebec—

Mr. WOODSWORTH: He did not say that.

Mr. MACKENZIE KING: —and that he would not be accorded the same right if he came from another province—and that is what he said—he is reflecting upon his Honour the Speaker.

Mr. WOODSWORTH: I did not say that Mr. Speaker, nor do I imply it.

Mr. MACKENZIE KING: May I say that I understood the hon. member to go further than that, and to indicate—

Mr. WOODSWORTH: No.

Mr. MACKENZIE KING: He says "no" before I have made my statement. What I understood him to say was that if the hon. member had not belonged to the majority party in the house he would not have been granted the privilege which he is being granted now—which also is a reflection on his Honour the Speaker and upon the house itself.

Some hon. MEMBERS: Withdraw.

Mr. WOODSWORTH: Mr. Speaker, I did not reflect in any degree whatever upon your Honour. At the moment when I offered my remarks we were discussing a point of order. I consider that the Speaker is justified in listening as he has listened until such time as a point of order is raised; that is very frequently the procedure in this house; but once the point of order is raised, and the ground of that objection stated, then I think we are perfectly justified in basing our statements on the point of order itself. That is what I tried to do.

Mr. MACKENZIE KING: I will pass on to the next move my hon. friend made, which was to quote from citation 161 set forth in the rules of the house. That citation had reference to the question of punishment for libel. I do not believe that that was a pertinent

citation. If my hon. friend had quoted citation 157 instead of 161 he would have seen that the rules of the house are to the effect that interference with or reflections upon members have been resented as indignities to the house itself. When the hon. member who has raised the question of privilege has been reflected upon as one who is unworthy to sit in any house, surely that is an indignity to the House of Commons itself. In my opinion he should be allowed the fullest latitude to make clear his position with respect to all the circumstances that have occasioned the reflections which have been made.

May I add this, that the premier of Quebec stands in a very exceptional and very privileged position, and when, from his privileged and high position as premier of his province, he makes a charge against an hon. member of this house which cannot be replied to in the house in which it is made, surely that hon. member should be granted the fullest latitude to defend his honour and to make clear his position in relation to the situation referred to.

Mr. SPEAKER: With respect to the point of order raised by the hon. member for Mount Royal (Mr. Walsh), and referred to by the right hon. leader of the opposition (Mr. Bennett) and the hon. member for Winnipeg North Centre (Mr. Woodsworth) I hold that it is not well taken. Standing order No. 16 states clearly:

Whenever any matter of privilege arises, it shall be taken into consideration immediately.

I have listened to the hon. member for Beauce (Mr. Lacroix) and his explanation, and I think the facts he has stated justify him in rising in this house and stating his point of privilege. I would ask him to be as brief as possible, but he has a right to explain his point of privilege.

Mr. LACROIX (Translation): If the prime minister of Quebec had really been prompted by that spirit of justice which must always be based on christian charity, he would not have singled out the member for Beauce in connection with logging operations in Daaquam township, but would also have referred to previous and later companies whose policy has been similar to mine, unless his purpose was to show once more his gratitude to those powerful companies for which he has so much sympathy.

I may add that the Taschereau government never granted favours either to myself or to my companies, because I never requested any. Besides, I do believe that, under certain circumstances of which every one is aware, if I had been granted favours, they would have been made public.

The Hon. Mr. Duplessis endeavoured to show that I have shipped 40,000 logs from the Lac Portage district to the state of Maine, and this as long ago as 1924.

Here is my answer: never, absolutely never did I purchase from the Quebec government any timber in the Lac Portage district, and in order to show still further that Mr. Duplessis' statement was untrue, I have here, Mr. Speaker, the contracts whereby I purchased 227,484·29 cords of wood at a cost of $828,-922.02 from the company which enjoys Mr. Duplessis' friendship, that is John Breakey Limited. Under this contract, I was permitted by these same people, who are friends of Mr. Duplessis, to build a sluice, and to use the water of lake Portage for driving my logs into the state of Maine. Those same people, friends of Mr. Duplessis, had the government's authorization to sell me that timber. Such authorization was granted to them through another of Mr. Duplessis' friends, Mr. Thomas Maher, a forestry engineer and a former organizer for the Conservative party in the province of Quebec. And from the receipt which I found on Mr. Breakey's file at the time he transferred the title to me, I noticed that the other friend of Mr. Duplessis had received $10,000 from the Breakey Company for having secured that favour.

It will thus be seen, Mr. Speaker, that even under the former government, whose actions are now being scrutinized, the people who were receiving or requesting favours were not always those to whom Mr. Duplessis is referring, but rather people who were consorting with Mr. Duplessis.

Finally, Mr. Duplessis endeavoured to show that I had been desirous of securing an appointment as Minister of Lands and Forests, in Quebec. I am unafraid of any comparison between my ambitions and those of Mr. Duplessis but I am loath to discuss the subject. However, for the information of Mr. Duplessis, and in order to gratify wishes which are those of an inquisitor and a sadistic politician, I may tell him that in this respect he was again mistaken, because I might have been a minister, if such had been my wish, for the good reason that I was offered a portfolio.

Mr. Speaker, I may say in conclusion that I do protest, because my case is similar to that of a number of other Canadians from my own province, and because Mr. Duplessis, in order to hold his sway, is resorting in our province to the tactics used by a Stalin in Russia. Stalin kills, Duplessis debases.

STANDING COMMITTEES

RAILWAYS AND SHIPPING—FIRST REPORT CONCURRED IN.

Sir EUGENE FISET (Rimouski) presented the first report of the standing committee on railways and shipping owned, operated and controlled by the government, and moved that the report be concurred in.

Motion agreed to.

CIVIL SERVICE ACT—RAILWAYS, CANALS AND TELEGRAPH LINES—MARINE AND FISHERIES—CHANGES IN PERSONNEL

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

That the name of Mr. Marshall be substituted for that of Mr. Elliott (Kindersley) on the special committee appointed to inquire into the Civil Service Act and amendment.

That the name of Sir Eugène Fiset be substituted for that of Mr. Deslauriers on the select standing committee on railways, canals and telegraph lines.

That the name of Mr. Deslauriers be substituted for that of Sir Eugène Fiset on the select standing committee on marine and fisheries.

Motion agreed to.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 92, for the relief of Louise Anderson Lindsay—Mr. Macdonald (Brantford City).

Bill No. 93, for the relief of Kathleen Helen Frances Penfold Findlay.—Mr. Walsh.

Bill No. 94, for the relief of Mary Esther Wahl Watt.—Mr. Walsh.

Bill No. 95, for the relief of Eva Grace Barlow Sunbury.—Mr. Ross (Moose Jaw).

Bill No. 96, for the relief of Irene Marjorie Wiseman Litwin.—Mr. Lawson.

Bill No. 97, for the relief of Lorraine Olive Lafontaine Caron Pilot.—Mr. Emmerson.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

HOUSING COMMITTEE RECOMMENDATIONS

Mr. CHURCH:

1. Have any steps been taken by the government to carry out the recommendations of the special committee on housing in 1935 in their final report?

2. Will any federal slum clearance program as set out in this report be considered or brought down this session not only for the cities, but for the country?

Mr. DUNNING:

1. Yes. The Dominion Housing Act and the Home Improvement Loans Guarantee Act, 1937, have been passed and extensive operations have been carried on under each of these acts.

2. This question relates to a matter of policy and it is not usual for the government to make statements on matters of policy in giving replies to questions.

FARM IMPLEMENTS INQUIRY

Mr. DOUGLAS (Weyburn):

1. What was the total cost of the inquiry into the high prices of farm implements from March 2, 1936, to the present?

2. What were the names and addresses of persons hired in this regard, and what did they receive in the form of: (a) salaries; (b) living expenses; (c) travelling expenses?

Mr. RINFRET:

1. $23,567.20.

2.

Name	Salary	Living expenses	Travelling expenses	Total
Walter J. MacDonald, Winnipeg, Man... ..	$6,950 00	$1,330 00	$820 47	$9,100 47
R. T. Graham, Swift Current, Sask...	6,950 00	1,600 00	206 68	8,756 68
T. R. Russell, Winipeg, Man...	155 00	....	....	155 00
J. F. Tooley, Winnipeg, Man...	200 00	129 05	107 15	436 20
C. H. Mitchell, Toronto, Ont...	50 00	....	28 30	78 30
W. C. MacDonell, Winnipeg, Man...	600 00	274 00	109 85	983 85
C. M. McKergow, Montreal, Que...	50 00	....	17 00	67 00
E. S. Low, Winnipeg, Man...	300 00	60 00	102 65	462 65
I. Hurley, Ottawa, Ont...	229 05	....	....	229 05
Miss Ruther Turner, Ottawa, Ont...	310 00	....	....	310 00
Kathleen MacDonald, Ottawa, Ont...	57 75	....	....	57 75
C. A. Brethour, Ottawa, Ont...	39 00	....	....	39 00
V. Fisher, Ottawa, Ont...	64 50	....	....	64 50
T. W. O'Neill, Ottawa, Ont...	712 50	....	....	712 50
F. J. Tibbs, Winnipeg, Man...	1,475 00	395 95	243 30	2,114 25
				$23,567 20

MONTREAL POST OFFICE EMPLOYEES

Mr. DESLAURIERS:

1. What is the statutory salary of visitors to employees of the Montreal post office who are sick or absent from duty?

2. How long have they occupied these positions?

3. What are their names and addresses?

4. How are they classified by the civil service commission?

5. What salaries do they receive per annum and per month?

6. Have they other positions in addition to being employed by the Montreal post office?

Mr. EULER:

1, 2, 3, 4 and 5. There is no special class of sick leave investigator. The work at present is being performed by the following employees who are classified as postal clerks:

(a) J. E. Blais, 1779 Church St., Verdun; salary $1,620 per annum; engaged as sick leave investigator since January, 1929.

(b) J. G. Eugene Brosseau, 4378 Bordeaux St.; salary $1,740 per annum; engaged as sick leave investigator since 17th March, 1926.

(c) Eugene Nantel, 915 Davaar St., Outremont; salary $1,740 per annum; engaged as sick leave investigator since 11th November, 1927.

6. (a) J. E. R. Blais is a medical doctor. Recent inquiries indicate that he practises his profession outside of his post office duties.

(b) J. P. E. Brosseau. Departmental information is that he has no other occupation.

(c) Eugene Nantel sells annuities in his spare time on a commission basis.

Mr. DESLAURIERS:

1. What is the statutory salary of automobile drivers employed by the Montreal post office?

2. How many drivers are attached to the Montreal post office to drive the officials?

3. What are their names and addresses?

4. For what length of time have they occupied these positions?

5. What is their classification by the civil service commission?

6. What salary does each one receive?

Mr. EULER: At the present time there is one employee engaged in driving an automobile at Montreal post office, namely:—

Emile Quintin, returned soldier, disability case, 2214 Visitation street, Montreal, who is classified as a postal clerk with salary at the rate of $1,740 per annum. He has been engaged in these duties since 1928.

Mr. DESLAURIERS:

1. Is Doctor Paul Emile Meloche, dentist, 8502 St. Denis street, Montreal, an employee of the Post Office Department at Montreal?

2. If so, what is his yearly salary?

3. What is his classification with the civil service commission?

4. When was he appointed?

5. Is he practising his profession as a dentist?

Mr. EULER:

1. Joseph Paul Ernest Meloche, a dentist residing at the address given, is an employee of the Montreal post office.

2. $1,440 a year.

3. Postal clerk.

4. Part time employee—12th November, 1929; Full time employee—26th May, 1930.

5. Department has no definite information at present as to whether he is practising his profession and if so to what extent. He is registered as a dentist and has a sign on his door.

Mr. DESLAURIERS:

1. Is Mr. Rene St. Onge, 4537 Fabre street, Montreal, an employee at the Montreal post office, and also employed as teacher at St. Pierre Claver school? If so, did he pass the civil service examinations?

2. What is his classification with the civil service commission?

3. Who recommended and authorized his employment, while P.O.S. circular No. 8 was still in force?

Mr. EULER:

1. Yes.

2. Postal clerk.

3. Mr. St. Onge was employed in February, 1929, when his name was reached on the civil service commission's eligible list. His employment commenced prior to the issue of circular P.O.S. No. 8 in January, 1931. Subsequently, in 1933, he obtained employment as a teacher but the department had no information regarding this until recently.

Mr. DESLAURIERS:

1. Is Mr. Pierre Léon Vézina, of 1466 Aylwin, Montreal, a clerk in the post office at $1,740 per annum, the same individual as Pierre Léon Vézina who is employed as professor by the Catholic Schools Commission of Montreal, district east?

2. What is his classification by the civil service commission?

3. Who has recommended and authorized his employment when circular P.O.S. No. 8 was still in force?

Mr. EULER:

1. Recent inquiries indicate he is the same person.

2. Postal clerk.

3. Mr. Vezina has been employed since the 21st June, 1919. Circular P.O.S. No. 8 was issued on the 5th January, 1931. In 1932, Mr. Vezina was advised that he would have to choose between the two positions. He stated

that his contract with the school commission had expired and that he, therefore, wished to retain his post office position. He was retained in the service on that understanding. He evidently entered into a further contract with the school commission without reporting his action to the department.

ROUGH BARK CREEK AND MIDALE DAMS

Mr. DOUGLAS (Weyburn):

1. What was the total cost of putting in: (a) the dam at Rough Bark creek, near Goodwater, Saskatchewan; (b) the dam at Souris river, south of Midale, Saskatchewan?

2. Has the Minister of Agriculture received any report from the engineers on the recent destruction of these dams due to flood?

3. If so, what reasons were given for the failure of the said dams to hold the bodies of water for which they were intended?

4. Does the government plan to replace these dams at an early date?

Mr. GARDINER:

1. (a) $9,314.93; (b) $14,615.98.

2. There has been no destruction of Rough Bark creek dam. A 30-foot section of the Midale dam went out. Report was made by the engineers verbally and confirming written report is on its way.

3. Earth dams constructed from very dry soil need careful filling so the clay may settle permanently. The sudden severe thaw with rain caused a 17-foot rise in water at the Midale dam in such short time that the dry powdery clay core leaked and a section washed out. Unless clay filled dams are puddled during construction this risk during first filling always exists. No water was available for puddling even though the increased expense might have appeared justifiable.

4. The dam will be repaired at once.

IRISH HOSPITAL SWEEPSTAKES

Mr. AHEARN:

Is the bureau of statistics preparing an accurate estimate of the amount of money that has left Canada for Ireland in payment for tickets on the Irish hospital sweepstakes for the last five years?

Mr. EULER: The bureau has hitherto found it impossible to obtain information on this subject.

GOVERNMENT ANNUITIES REPRESENTATIVES

Mr. ISNOR:

1. What are the names of the parties employed at Ottawa to solicit government annuities under the Labour department?

2. When was each appointed to this position?

3. What amount of commission was earned by each in the last fiscal year?

[Mr. Euler.]

Mr. ROGERS:

J. W. Bush—date of appointment, October 18, 1933; commissions earned during fiscal year 1936-37, $511.68.

Jas. R. Day—date of appointment, February 27, 1934; commissions earned during fiscal year 1936-37, $4,018.22.

C. Roy Hall—date of appointment, October 9, 1933; commissions earned during fiscal year 1936-37, $4,543.17.

G. Harold Quinn—date of appointment, March 20, 1928; commissions earned during fiscal year 1936-37; $3,463.35.

Note: Annuities representatives are required to meet out of commissions cost of office assistance, transportation and other expenses incidental to the securing of applications for annuities.

THATCHER AND CORONATION WHEATS

Mr. WINKLER:

1. How many reports have been received as to the milling and mixing qualities of shipments of Thatcher and Coronation wheats to England last fall?

2. When is final report expected?

3. How many reports have been favourable so far?

Mr. EULER:

1. One preliminary progress report.

2. Final report expected this week.

3. The preliminary report was favourable to Thatcher wheat but unfavourable to Coronation wheat.

BUTTER IMPORTATIONS

Mr. SENN:

What quantity of butter has entered Canada during each month from July, 1937, to date, from: (a) Australia; (b) New Zealand?

Mr. EULER:

	Imports from—	
Months	Australia	New Zealand
1937	Lb.	Lb.
July	...	...
August	...	...
September	...	...
October	...	...
November	...	...
December	...	...
1938		
January	140.000	...
February	168.000	767,200

ALBERTA OLD AGE PENSIONS

Mr. HAYHURST:

1. How many people are receiving old age pensions in the province of Alberta?
2. How much is paid in old age pensions annually in Alberta?

Mr. DUNNING:

1. As at December 31, 1937—9,755.

2. On account of adjustments between provinces, it is not possible to ascertain accurately, from the records of the dominion government, the total amount paid during any particular period to residents of the province of Alberta.

The dominion's contribution to the province of Alberta during the calendar year 1937 amounted to $1,531,343.11, which constituted approximately 75 per cent of the total amount paid out in old age pensions by the province of Alberta.

DOMINION-BRITISH COLUMBIA YOUTH TRAINING COURSES

Mr. O'NEILL:

What opportunities have been offered to youth under the dominion-provincial youth training program in British Columbia?

Mr. ROGERS:

Courses under the Dominion-British Columbia youth training agreement during the past fiscal year included numerous classes and activities of a widely varying character. Five main projects were operated, as follows:

1. Forestry training.
2. Placer mining.
3. Urban occupational training (for both men and women).
4. Physical training (for both men and women).
5. Rural training (for both men and women).

Forestry training courses proved attractive and successful and it was notable that very few trainees dropped out during operation. The placer mining project was of value chiefly in upbuilding morale and physique of trainees.

In connection with urban occupational training a partial list of activities provided for follows: For men: Wood-working, cabinet making, motor mechanics, practical electricity, plastering, cement working, camp cookery, Diesel engineering. For women: Household work, dressmaking, garment making, ladies tailoring, laundering, cookery, shorthand and typewriting, retail selling.

Rural classes for both men and women: Chick sexing, farm management and accounting, poultry husbandry, dairy-farming, beekeeping.

Physical training classes were outstanding. More than 3,000 unemployed men and women had been given physical education up to the end of last year. Dominion cooperation enabled the province to extend the benefits of its physical training program.

SASKATCHEWAN TECHNICAL EDUCATION

Mr. FLEMING:

How much money was contributed to Saskatchewan for vocational education in the year 1937-38?

Mr. ROGERS: During the fiscal year 1937-38 the sum of $34,055.90 was contributed to the province of Saskatchewan by the federal government under the terms of the Technical Education Act, 1919, as amended.

FARMERS' CREDITORS ARRANGEMENT ACT—STATISTICS

Mr. FLEMING:

1. How many applications were received by the official receiver under the Farmers' Creditors Arrangement Act in 1937-38 in the Wynyard judicial district?
2. How many applications were received by the official receiver under the said act in 1937-38 in the Humboldt judicial district?
3. How many cases were settled by the official receiver in the Wynyard judicial district during the said year?
4. How many cases were settled by the official receiver in the Humboldt judicial district during the same year?
5. What was the total debt reduction in the Wynyard judicial district under the said act in the year 1937-38?
6. What was the total debt reduction in the Humboldt judicial district under the said act in the same year?

Mr. DUNNING:

1. 79.
2. 233.
3. 34.
4. 53.
5. $86,201.
6. $401,594.

PUNTLEDGE RIVER FISH LADDER

Mr. NEILL:

1. When was the first fish ladder built on the Puntledge river, and at what cost?
2. On what successive dates was it washed out and later rebuilt, and what was the cost on each occasion?
3. On what date was it last washed out?
4. What steps have been taken towards replacing it?

Mr. MICHAUD:

1. In 1922 in impounding dam. Cost not available as fish ladder was built and installed by owner of dam.

2. January, 1927, replaced April, 1927; November, 1934; replaced July, 1935. Replacement cost not available for reason given in answer to No. 1.

3. December, 1937.

4. None. Need for requiring replacements under consideration.

CANNED HERRING PRODUCTION AND EXPORTS

Mr. NEILL:

1. How many tons of herring were canned in Canada in each of the years from 1931 to 1937 inclusive?

2. How many tons of canned herrings were exported in each of the said years?

Mr. EULER:

1. Production of Canned Herrings and Canned Sardines

Calendar Year	Canned Herring Tons	Canned Sardines Tons
1931	69	2,532
1932	606	1,415
1933	699	2,258
1934	1,101	3,601
1935	933	4,231
1936	2,244	4,923

1937 figures not yet available

2. Calendar Years	Herrings, sea, Canned Tons	Sardines, (little fish in oil) Tons
1931	—	1,679
1932	—	1,217
1933	148	1,486
1934	698	2,428
1935	770	2,706
1936	658	2,705
1937	1,085	3,932

CANADIAN FARM LOAN BOARD

Mr. McLARTY:

1. In what year did the Canadian farm loan board begin making loans to farmers?

2. In which of the provinces has loaning been carried on since the inception of the board's operations in the year 1929?

3. In which of the provinces is the board actively engaged in loaning at present?

4. How many loans have been granted to farmers in each province to date?

5. What is the amount loaned to farmers in each province to date?

6. What is the total amount loaned to farmers in all provinces to date?

7. How much money has been advanced to farmers by way of loan for the current fiscal year 1937-38 to date?

8. What was the total amount of arrears as at the end of the last fiscal year, March 31, 1937?

[Mr. Michaud.]

9. Of the total amount of arrears as at March 31, 1937, how much was in arrears at that date for a longer period than six months?

10. How much money was collected by the board on account of instalments due and in arrears in the fiscal year 1936-37?

11. How much money has been collected by the board on account of instalments due and in arrears in the fiscal year 1937-38 to date?

Mr. DUNNING: The following information is furnished by the Canadian Farm Loan Board:

1. 1929.

2. British Columbia, Alberta, Manitoba, Quebec, New Brunswick, and Nova Scotia.

3. British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island.

4, 5 and 6. Loans granted and loans disbursed by provinces and total loans disbursed to farmers from inception of operations in 1929 to February 28, 1938:

Province	Loans granted No.	Loans granted Amount	Loans disbursed
B.C.	833	$ 1,906,500	$ 1,876,330
Alta.	4,146	6,976,400	6,857,950
Sask.	4,218	6,036,175	5,759,786
Man.	2,739	4,200,140	4,094,114
Ont.	2,229	3,196,650	2,900,448
Que.	7,177	10,262,275	9,881,964
N.B.	852	1,021,250	1,000,561
N.S.	797	1,041,950	1,013,800
P.E.I.	522	594,450	562,569
	23,513	$35,235,790	$33,947,522

The above includes 6,542 second mortgage loans granted for amounts aggregating $3,741,-100.

7. Loans disbursed April 1, 1937, to February 28, 1938, amount to $4,923,425.

8 and 9. Amount of arrears as at March 31, 1937, was: Principal, $523,373.50; interest, $545,407.78; total, $1,068,781.28, of which $595,233.80 was in arrears for over six months.

10. Amount collected on instalments for year ended March 31, 1937, was $1,202,269.

11. Amount collected on instalments April 1, 1937, to February 28, 1938, was $1,901,006.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PAYMENTS TO MUNICIPALITIES IN LIEU OF TAXES

Mr. MAYBANK:

1. Does the government of Canada pay any money to any municipality in Canada (other than the city of Ottawa) in respect of properties owned by the Dominion of Canada either as

taxes or as a grant in lieu of paying taxes, either for general taxes or for local improvements, or for police and fire protection, or arising from any similar reason?

2. If any such moneys are paid, to what municipalities and in what amounts?

BRITISH COLUMBIA LUMBER

Mr. CHURCH:

1. How many feet of British Columbia lumber was exported to Japan for the last year of record or in 1937?

2. What was the export price?

3. Were any protests made alleging a waste of Canada's natural resources owing to low prices?

4. At what price per thousand feet was similar British Columbia lumber, shipped via Panama canal, delivered in Toronto?

5. Have any protests against such competition been received from New Ontario mills?

6. Will any regulatory measures be adopted by the Department of National Resources to check such disposal of Canada's natural resources?

Mr. RINFRET: Return tabled.

CIVIL SERVANTS IN BRITISH COLUMBIA

Mr. HANSON:

1. What is the total number of permanent and temporary civil servants in the province of British Columbia, showing each department separately?

2. What is the total amount of money paid to: (a) permanent employees; (b) temporary employees, showing each department separately?

MOTION FOR PAPERS

GOVERNOR GENERAL'S FLAG

Mr. COLDWELL:

For a copy of the dispatch, by the direction of His Majesty the King, from the Lord Chamberlain to His Excellency the Governor General of Canada dated December 22, 1930, relating to the flag now flown by His Excellency the Governor General.

PRIVY COUNCIL APPEALS

PROPOSED ABOLITION OF APPEALS TO HIS MAJESTY IN COUNCIL—CONSIDERATION OF BILL ON FRIDAY, APRIL 8

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

That the order for second reading of Bill No. 19, an act respecting appeals to the Judicial Committee of the Privy Council be taken into consideration after routine proceedings on Friday next, the 8th instant, and that this order have precedence over all other business on that day.

He said: If the house will permit me I should like to amend the motion by dropping the concluding words—

. . . and that this order have precedence over all other business on that day.

At the time I handed the notice to the clerk I assumed that as we were adjourning for the Easter vacation on Friday night it would in all probability be the wish of hon. members to have this particular bill occupy most of the time for discussion on Friday, and to have this known in advance. However, at the time I thought that greater progress would have been made with certain private and other bills in the interval. I see that on Tuesday night last the bill in respect to the Niagara Falls Observation Bridge Company in particular was again talked out. As the opportunities to discuss these measures are few we ought not I think to take away an opportunity on Friday night of this week. I might say in regard to the Niagara Falls Observation Bridge Bill that the government is wholly favourable to the enactment of the measure, and I think all hon. members on this side are in sympathy with it. At any rate if the motion in its present form were to stand I am afraid the impression might be created that it has been framed with a view of precluding discussion on Friday night of the measure I have mentioned. So I should like to have the motion amended in that particular.

In regard to the motion itself may I say that the government feels that the bill in the name of the hon. member for St. Lawrence-St. George (Mr. Cahan) in respect of appeals to the privy council deals with a question of great interest, particularly at this time when constitutional questions are much to the fore. We believe it would be in every way in the public interest to have the measure fully discussed on at least one day during the session. Some little time ago the government gave the hon. member to understand that if he would not press his bill at the time, an opportunity would be given later for him to bring it before the house. I hope therefore that hon. members will see their way to adopt the motion.

Motion as amended agreed to.

NATIONAL DEFENCE

REPORTED DISMANTLING OF GUNS AND REDUCTION OF DEFENCE EQUIPMENT AT HALIFAX AND VANCOUVER

On the orders of the day:

Mr. H. C. GREEN (Vancouver South): In view of the importance to Canada, and in particular to my own province of British Columbia, of the defence measures which are being taken to protect the Canadian coast, I should like to direct the attention of the

Minister of National Defence (Mr. Mackenzie) to an editorial appearing in the Halifax Daily Star of April 5. I believe this paper is the evening edition of the Halifax Chronicle. The title of the editorial is

What Goes on Behind the Scenes.

And it reads as follows:

Some hon. MEMBERS: Order.

Mr. BENNETT: He has a right to read it.

Mr. GREEN: The editorial reads:

During recent weeks there has been much ado in military circles around Halifax. Giant guns have been uprooted from their emplacements along the harbour mouth, munitions have been moved to and fro about the waterfront.

Most of the activities have been conducted under cover of night and everything done with the utmost secrecy—barring what gets told to every Tom, Dick and Harry around the military canteens.

First, the guns were torn from their positions, put on flat cars and started off for Vancouver—

Mr. SPEAKER. Order. The hon. member should state his question. What is he reading from?

Mr. GREEN: I intend to ask the minister for a statement in regard to this editorial, and I think in fairness to him I should read it so that he may know exactly what it says.

Hon. IAN MACKENZIE (Minister of National Defence): On a point of order, may I suggest that this question refers to a question on the same subject asked in this house yesterday and replied to by the responsible minister. I think the rule is clear that outside comments on proceedings in this house cannot be read. I shall be very glad indeed to answer a general question.

Right Hon. R. B. BENNETT (Leader of the Opposition): The minister is entirely in error. This is not a comment on what was said by the minister yesterday. This relates to the general question; it is a specific statement which I think this house should hear and have answered. It states something with respect to the movement of guns from Halifax to Vancouver and from Vancouver to Halifax, and an opportunity should be afforded to the government to answer categorically.

Mr. SPEAKER: A question can be asked based on the facts stated in the editorial, but I do not think the editorial can be read.

Mr. BENNETT: But it is the only way the hon. member can put the question properly. This is not a question of reading a telegram. We have discussed that before, and the sense of this house has been entirely against that limitation. I endeavoured to have that limitation imposed, but the Prime Minister was of the opinion that it was an improper limitation to impose and it was not imposed. If the reading of the editorial is the only way in which the question can properly be put—

Mr. MACKENZIE KING: But it is not in this case.

Mr. BENNETT: It is in this case, unfortunately. The Prime Minister has not quite followed the terms of the editorial. It contains specific allegations; it is not conjecture. It states that guns have been removed from their emplacements, put on cars and started for Vancouver, and, e converso, that they have been taken up from their foundations in Vancouver and started towards Halifax.

Mr. MACKENZIE (Vancouver): The question is now stated by my right hon. friend.

Mr. BENNETT: It deals also with the reasons. The only way the question can properly be put is by reading the statement. The Prime Minister in the course of debate frequently refers to what has been stated in the newspapers. I endeavoured to impose a limitation on that, both when I was in the government and when I was in opposition, but now by tacit agreement everyone refers to newspapers and reads from them. That happens right along. The editorial to which reference is made cannot be summarized so as to do other than leave a wrong impression. Therefore I suggested to my friend, and I think it is sound advice, that the only way he could be fair to the government as well as the country was to read the editorial so as to afford opportunity to the minister to make it perfectly clear that it is without foundation. I think the hon. member was good enough to give a copy of the editorial to the minister so that he might prepare himself to answer the question. The only reason the hon. member is reading it is that there is no other method by which he can properly ask this question. The question he proposes to ask, as he informed me, is merely: Will the minister make a statement as to the accuracy of that editorial?

Mr. MACKENZIE (Vancouver): If that question is put I shall be most happy to answer it, and I am only too anxious to make a complete statement. But I think the general rule is clear that it is out of order to read an editorial which reflects on a matter discussed here yesterday and in regard to which a reply was given by the responsible minister.

Mr. BENNETT: This was not discussed yesterday.

Mr. GREEN: The reply yesterday dealt only with the situation in Halifax; there was no mention of Vancouver or the Pacific. This editorial concerns the constituency of the minister as well as my own, and I think in fairness the editorial should be read to the house and an explanation given.

Mr. BENNETT: The hon. member cannot ask his question without reading the statements.

Mr. SPEAKER: I think the hon. member should give a summary of the article and then put his question.

Mr. GREEN: That is difficult to do. I can summarize it more quickly by reading the rest of the editorial, dealing only in regard to the situation in Vancouver:

> First the guns were torn from their positions, put on flat cars and started off for Vancouver to protect British Columbia and Ian Mackenzie's constituents against the yellow peril. Then somebody changed their mind, according to the reports, and the guns came trundling back again;
>
> On top of all that, somebody began to rip out guns from emplacements at Vancouver and start them off for Halifax. Then that was stopped.

Mr. MACKENZIE (Vancouver): I still suggest that this is highly improper.

Mr. SPEAKER: Order.

Mr. MACKENZIE KING: Surely an editorial which names an hon. member of this house is one that should not be read, particularly when it is so written as to appear to be reflecting upon the minister.

Mr. BENNETT: There used to be great glory taken in reading editorials reflecting on me by name. It has suddenly become a new law to be applied only when the present government is concerned. If the Prime Minister wants me to give references it can easily be done if I am given time to turn them up. Editorials from newspapers all over Canada were read—

Mr. DUNNING: Not on questions on the orders of the day.

Mr. BENNETT: Is there any difference between orders of the day and any other time?

Mr. DUNNING: Surely.

Mr. BENNETT: I fail to understand what it is, when it is a question of pressing public importance. The question that is being asked is as to the accuracy of a statement. The reference to the minister can be left out. I am familiar with the rules; I have looked them up to-day, but now what governs is a settled practice in this house, not these rules at all. The Minister of Finance (Mr. Dunning) need not shake his head. It has been settled in this house, over my protests both in opposition and as prime minister. The practice has grown up. I think it is not a sound one, but I have agreed to it and accepted it. I accepted it when I was in office and I accept it now. I have endeavoured to be very careful, in view of the ruling given by the Speaker the other day that you should not read telegrams but should say what is the purport of them, but it would be grossly unfair to do other than read that editorial. I have read it. So far as the reference to the minister is concerned, that can be very properly left out. I have always taken that view, but unfortunately I used to be the victim of that sort of thing, as perhaps some hon. members will recall. I make no complaint about that but, Mr. Speaker, in three minutes the hon. member could have read the rest of the editorial, and the question could have been answered. He could not summarize it because then it would be said that he was unfair in endeavouring to do so.

Mr. GREEN: There is only one more paragraph I wish to read:

> Everything was done in feverish haste, almost as if the entire imperial Japanese navy had already been sighted in Juan de Fuca straits and heading for Victoria.

I would ask the minister for a statement as to the accuracy of that report and also as to whether or not we have legislation in Canada to protect military secrets, such as the official secrets act in Great Britain. If not, such legislation would seem very necessary at the present time.

Mr. MACKENZIE (Vancouver): I think my hon. friend from Vancouver South (Mr. Green) knows as well as I do that this statement to which he refers—

> On top of all that, somebody began to rip out guns from emplacements at Vancouver and start them off for Halifax. Then that was stopped.

—is the most ridiculous nonsense in the world, because there has not been an emplacement in Vancouver in all the years he has been living there. In the second place, of course, the reference to the entire Japanese navy being headed for Victoria is absolutely fantastic and incorrect. This is the most abso-

lute nonsense. Any minister dealing with a very difficult problem concerning the reallocation of armaments upon a scientific principle should have the cooperation of this house and of the press as well. If spurious articles such as this are repeated it may be necessary to resort to the provisions of the Official Secrets Act in order that the public may be protected in regard to these matters. Some very reputable journals refused yesterday to publish this dispatch—

Mr. BENNETT: This is not a dispatch.

Mr. MACKENZIE (Vancouver): This is an editorial which was written, I think, though I am not sure, before I gave my reply yesterday afternoon. In any case the assumptions made are absolutely incorrect. What has happened is this, that there has been a reallocation of armaments, as I said yesterday; guns were removed that were unallocated and in reserve in Halifax. Some are being removed to other points in Nova Scotia. Everything is being done according to a very scientific plan, and it was not in the public interest at any time to disclose or discuss the exact details or the exact calibres of the armaments that have been transferred.

Mr. BENNETT: I should like to assure the minister that those of us who sit to the left of the Speaker in opposition have always desired to give him every possible assistance in this matter. Last session I think we perhaps gave him more assistance than he received from some of his own friends. We regard it as gravely as he does that these things should be published in the form in which they are. When the hon. member for Vancouver South spoke to me about it he asked if he should go to the minister. I am sure my hon. friend would at once acquit the hon. member of any desire to embarrass either the minister or anybody else.

Mr. MACKENZIE (Vancouver): Oh, I did not suggest that.

Mr. BENNETT: The hon. member for Vancouver South (Mr. Green) asked me if he should go to the minister, and he went to the minister for the purpose of showing just what was being said.

May I add one word more, Mr. Speaker, with your consent. The statement that appeared in the press in the early part of this year, just about the time the house met, must have been obtained from some official source, with regard to the calibre of our guns. I submitted to the minister then that he should order a departmental inquiry, and that whoever was responsible should not be in the service of Canada.

Mr. MACKENZIE (Vancouver): With regard to that last point, if I may answer it now, that inquiry was held, and it was absolutely impossible to trace to any definite source the leakage in that case. But the investigation was held, through the district officer in command in British Columbia.

Mr. BENNETT: A public investigation would get it very quickly.

Mr. NEILL: May I suggest that the passage of my two bills Nos. 11 and 38 would go far to allay the fears entertained in British Columbia alluded to by the hon. member for Vancouver South (Mr. Green).

Mr. CHURCH: In view of the emergency which has arisen, may I ask if the minister is going to recall for active service his wonderful fleet from the pleasure jaunt it is taking down to the West Indies?

Some hon. MEMBERS: Order.

UNEMPLOYMENT RELIEF

MOVEMENT OF SETTLERS FROM DRIED OUT AREAS TO BRITISH COLUMBIA

On the orders of the day:

Mr. H. J. BARBER (Fraser Valley): I should like to remind the Minister of Labour (Mr. Rogers) that about four or five weeks ago I brought to his attention a matter concerning people leaving the dried out area and settling on the lower mainland of British Columbia. I furnished the minister with the full information on March 8th. The reeves' association and those connected with the municipalities are very anxious to have a definite statement from the minister in regard to this matter, and I wonder if he is prepared to make an announcement.

Hon. NORMAN McL. ROGERS (Minister of Labour): It was necessary to communicate with the provincial governments in this connection. The administration of relief in the drought areas is under the provincial government, and as soon as I get the information I shall be very glad to convey it to my hon. friend.

LONG BRANCH RIFLE RANGE

INQUIRY RESPECTING EMPLOYMENT OF EX-SERVICE MEN IN DISMANTLING OPERATIONS

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I should like to direct a question to the Minister of National Defence (Mr. Mackenzie). I have

been advised that the work of dismantling certain buildings on the Long Branch rifle range in the county of Peel is being proceeded with. Will the minister give immediate consideration to the employment of some forty unemployed ex-service men on relief in that district, who are ready and able to do this type of work?

Hon. IAN MACKENZIE (Minister of National Defence): I find that only $500 remains unexpended with reference to the dismantling work to which my hon. friend has referred, which is now in progress. Instructions have been given already to employ unemployed ex-service men so far as possible.

UNEMPLOYMENT RELIEF

MEASURE FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

The house resumed from Tuesday, April 5, consideration in committee of the following proposed resolution—Mr. Rogers—Mr. Sanderson in the chair.

That it is expedient to bring in a measure to provide assistance towards the alleviation of unemployment and agricultural distress, and for such payments out of moneys appropriated by parliament as may be necessary for all or any of the purposes of the proposed legislation.

Mr. A. A. BROWN (Hamilton East): Mr. Chairman, the sole purpose of my few and rather brief remarks is to direct the attention of the government to the increase in relief and unemployment that is taking place in this country and that has taken place during the last few months. Naturally I should like to find out what the government is going to do in order to deal with this condition. Last Monday afternoon and evening I listened carefully, and I may say hopefully, to the long address of the Minister of Labour (Mr. Rogers) introducing the resolution providing for grants in order to alleviate agricultural and economic distress. I say I listened hopefully, because I expected that the minister was going to suggest some scheme or plan to cope with our present unemployment problem, which the present Prime Minister (Mr. Mackenzie King) said was Canada's most urgent national problem. However, I was greatly disappointed. The minister reviewed briefly the report of the national employment commission and dealt rather vaguely with the potential value of the tourist trade. He finished up by eulogizing the trade policies of the government, which he claimed had brought prosperity to this country.

The minister did not seem to be aware that during the past few months the industries of this country have been slowing down because of the importations of foreign manufactured goods which have been flooding our market. Hamilton, being a large industrial centre, has suffered more keenly than many other centres. It has felt the effects of the recession to a considerable extent and the increased burden of relief is becoming so great that the government no longer can evade the responsibility of assuming the maintenance of our unemployed. In December, 1937, there were 2,607 heads of families on relief in Hamilton. In January, 1938, the number had increased to 2,982. In that month there were 9,120 dependants and 684 individuals on relief, a total of 12,863 persons. In February the number of heads of families on relief had increased to 3,247; the dependants had increased to 10,050 and the individuals to 740, making a grand total of 14,037. I have not the exact figures for March, but I am informed that there is a considerable increase.

There are also hundreds and hundreds of men who are working two, three and four days per week. These men are merely existing, and unless conditions improve, in a short time they too will be on relief. There are also many men possessing abundant health and ability who are unable to obtain employment because of their age. Men of thirty-eight, forty-two and forty-five years of age find it exceedingly difficult to secure employment. Their condition is as bad as, if not worse than, that of the western farmer, who at least can hope for a crop some time in the future.

Foreign manufactured goods are being sold in this country at ridiculously low prices, prices with which our Canadian manufacturers cannot possibly compete. I was advised last week in Hamilton that shoes are being imported from a foreign country at a cost of eighty cents per pair. It would cost our manufacturers at least $2.50 to produce a similar pair of shoes. Dresses are being sold at $1.25; our Canadian manufacturers would have to charge $6 or $8 for a similar product. I could give innumerable examples of subsidized foreign goods and goods made with cheap labour being dumped on our home markets. This decreases the market of the Canadian manufacturer and adds to our unemployment. I attribute these conditions to the government's trade policies which have not adequately protected the home market in order that our Canadian manufacturers might obtain a fair share.

I have one other observation to make. It has been the policy of governments in depression times in the past to attempt to stimulate the construction industry by spend-

ing millions of dollars on public works, many of which were not actually needed. While these methods have met with some success, I do not think they are practicable to-day. This government has attempted to stimulate the construction industry by making available cheap and easy money, but it has met with only partial success. The reason for its failure is the fact that the bulk of our construction work is carried on in the municipalities. Because of debt charges and the increasing cost of social services, particularly unemployment relief, our municipalities are compelled to impose such heavy taxes on real property that it is no longer desirable or profitable to build, buy or even hold such property. As in the case of the automobile, it is not the initial cost but the upkeep that is so heavy. I urge strongly that the government assume the burden of maintaining our unemployed, making sure that the benefits of this policy are conferred on the property owner. If this were done I believe much good would result, not only to the municipalities but also to the government.

Mr. A. A. HEAPS (Winnipeg North): Mr. Chairman, I think the Minister of Labour (Mr. Rogers) will readily admit that when he introduced his motion on Monday last hon. members gave him an attentive hearing. The people of this country were looking forward with a good deal of eagerness to what the minister would have to say. As a member of this house I awaited the minister's statement in the hope that he would divulge the plans of the government to meet the pressing problem of unemployment and relief. We expected him not only to tell us something about the relief problem, but to go fully into the policy that the government had in mind to meet the situation that now confronts us.

My own eager anticipation of that occasion was manifested by the simple fact of my taking a few sheets of note paper out of my desk and placing them before me, with the idea of jotting down from time to time anything of interest and importance. Like many other hon. members, within the next few days I shall be going back to my constituency. In my constituency, as in those of many other hon. members, there are many men and women who are in want, who are unemployed or on the verge of being unemployed. I was anxious to take back to my constituents and to others whom I would meet in other parts of the dominion some ray of hope, something in the way of a policy which the government had to meet the existing situation. So, Mr. Chairman, I placed these few sheets of paper before me, and I waited for half an hour in the hope that I could jot something down, but there was nothing to record. The hour went by and I still had nothing to write down. Two hours went by, and the sheets in front of me were still blank. Three hours went by, and still they were blank. Just after the third hour had gone by the minister sat down, and I was still looking at those sheets of paper in front of me and wondering what I could tell the people of the city of Winnipeg.

The minister did say something that was of interest and possibly of importance so far as the administration of relief is concerned. But relief is only part of the problem of unemployment, and I was not so anxious to hear the minister deal with relief as I was to hear him deal with the fundamental question of the unemployed in this dominion; and on that question the minister had very little to say. I will say this, however, that the few remarks he did make on that question did not give the unemployed very much hope for the immediate future.

The minister dealt, for instance, with the drought situation. He said that the conditions in the industrial centres in western Canada were reflecting agricultural conditions in that part of the country. There may be a certain amount of truth in that, but I do not think the minister, who is such a close student of economics, would agree or that he would teach a body of students of economics that the unemployment and the poverty existing in western Canada are due to the fact that western Canada has had poor crops for the last two or three years. If he would, then, speaking in an economic sense, what would the minister have to say as to the unemployment situation that developed between the years 1929 and 1933, when similar conditions prevailed in our industrial centres in the west, not because we had a drought in the west but because we had too much of everything at that time.

So the position is that we have poverty when we have too much of everything; and, if we happen to have a lack of moisture in western Canada, then we blame unemployment and poverty on the lack of moisture. I do wish that the minister when he deals with this problem as it affects the people of western Canada in particular would go a little deeper into the fundamental aspects of the question instead of dealing with it in a more or less superficial way.

The minister had two suggestions to make, two items, shall I say, which may be regarded as constituting the policy of the government in coping with the situation. One was the tourist traffic, and the other the Canada-United States trade agreement looking towards an expansion of our trade with the

country to the south of us. In regard to foreign trade, if the minister and the government are going to take credit for the improved economic conditions that existed in this country during the past two years up until last fall, whose is the responsibility for the conditions that have prevailed since? If the Canada-United States trade agreement was responsible for the improvement in trade up until a few months ago, what is responsible for the recession that has set in during the past few months? I am one of those who voted for the Canada-United States trade agreement. I am in favour of liberating trade wherever we possibly can; I am in favour of reducing tariffs wherever we possibly can, but side by side with that statement I say that in the reduction of tariffs there is not to be found the solution for the economic conditions that prevail in the Dominion of Canada. And may I say to my friends to my right, in exactly the same way, that in increasing tariffs there is not to be found any solution for our economic conditions, because if an increase in tariffs would have brought about a solution of our problems they would have been solved immediately after the year 1930-31.

May I say a word in regard to the importance of the unemployment situation? Its importance is not to be measured merely by the numbers who are unemployed at the present time, or by the numbers who are working short time. Its importance must be measured also by the uncertainty which prevails amongst hundreds of thousands of men who are to-day engaged in industry but do not know how long their jobs are going to last. It is that very uncertainty that is one of the worst features of the whole of our unemployment problem. For these men unemployed or partially employed, to tramp the streets to look for that elusive job which they know in fact does not exist is one of the hardest tasks which men and women have to face. The average worker who is employed to-day is not very far removed from poverty. Two or three weeks' or a month's unemployment puts him in the poverty line, where soon he will be compelled, generally against his own wishes, to become the recipient of public or private charity.

I should like the minister to have given us a more realistic viewpoint of the existing economic conditions in this dominion. He told us of the expansion of trade during the past two years. I think we will all admit there has been improvement in that respect, and we were all in a way pleased to note the expansion of industry, but I should like to have had a concrete view, if possible, of the extent to which that expansion was due to preparations for war either in this dominion or in other parts of the world.

May I point out that the industries of this country are to a certain extent dependent upon what is taking place in other parts of the world, and not so much upon tariffs?

The minister spoke of the tourist traffic and hoped for its expansion. With improved economic conditions in the United States we have had an expansion of tourist traffic. The better the economic conditions in the United States were, the more tourists came to Canada. But if there is a recession in industry in the United States, you will find a decrease in the tourist traffic in Canada from the United States, which sends us more tourists than any other nation in the world. Anything the government might do to increase the tourist traffic would be of little value unless you have improved economic conditions in other parts of the world. Whilst I am on that aspect of the question, may I add further that we in this country are the beneficiaries to a very large extent of the expenditure of many hundreds of millions of dollars by the Roosevelt administration in an attempt to bring about better economic conditions in the United States. Money spent in the United States in some measure finds its way here through the purchase of our lumber, for instance, to improve the housing conditions in the United States, and through an increased purchase of our paper and other supplies. But a recession in industry in the United States was followed at once by a falling off in the demand from the United States for our lumber and our paper and other products. Of course, the government of this country, no matter what its political complexion may be, could take no credit for the vast spending that has been done in the United States under the Roosevelt administration.

I wish to make a few remarks in connection with the national employment commission, which has just about passed out of existence. That commission was ushered into existence with a great flourish of trumpets, but hardly a word was said when it passed out. For years we were told what it was going to do; great expectations were held out to the people as to what would happen when this commission was appointed. As far back as 1933, speaking in this chamber, the present Prime Minister, outlining the policy of the Liberal party, said:

> The Liberal party believes unemployment is Canada's most urgent national problem. It would deal with the present emergency conditions through a representative national commission, which would cooperate with the

provinces and municipalities in the administration of unemployment relief and in an endeavour to provide work for the unemployed.

Is there any hon. member who would say that, such a commission having been appointed, its work is now finished? Why was the commission put out of existence? I am beginning to wonder whether it was ever wanted by the Department of Labour, because if it really was wanted and became an integral part of activities directed to providing employment, it would after having been in existence about eighteen months perform its most useful functions. But after an existence of about a year and a half it is put out of business by a stroke of a pen.

Mr. ROGERS: I take it that my hon. friend has read the final report of the commission, which of itself indicates that its advisory functions have been fulfilled. That as a matter of fact is the actual truth.

Mr. HEAPS: But it was appointed to discharge administrative functions as well.

Mr. ROGERS: No administrative functions were conferred on the commission, as I indicated in this chamber a day or two ago.

Mr. STEVENS: The hon. minister is scarcely correct.

Mr. HEAPS: May I quote from the official report:

It is important that it be borne in mind that while provision was made in the National Employment Commission Act of 1936 for the commission to assume administrative and supervisory functions if the minister so decided—

Mr. ROGERS: Quite.

Mr. HEAPS:

—its functions have been practically advisory—

Mr. ROGERS: Yes.

Mr. HEAPS: —

—with the exception only of the promotion campaign in connection with the home improvement plan.

Mr. ROGERS: That is quite true.

Mr. BENNETT: And it was abolished by order in council.

Mr. HEAPS: The fact is that they were never asked to be a part of an administrative body. That is admitted in their own report. They were not even asked to become a supervisory body, but just a consultative body, to tell the government that certain things were desirable; that they may do only certain things, but when it comes to the question of performing real tasks their services are no longer required.

[Mr. Heaps.]

Now, to go back to speeches made in this house in the year 1936, let me quote what the present Prime Minister stated on that very question:

The people of Canada will never know the cost of relief until there is some agency to bring together in one report the expenditures of all the agencies involved, government and private alike, nor will there be any substantial lessening in the amounts until they know the manner in which all the different agencies are supervising their expenditures and carrying out the works for which the expenditures are being made. That is one of the main purposes of this commission, and I venture to say that no agency other than a body such as we suggest can possibly carry it out.

Speaking on the same occasion, the Prime Minister made several references along the same line. I quote this one:

If a matter affecting municipal, provincial and dominion funds is to be dealt with satisfactorily, it is essential that the party who deals with it be above all, but not part of, any one of these particular entities. That is why we need a commission of this kind to assist in the distribution of outlays and in the supervision of expenditures.

I shall quote one other statement of the Prime Minister on the same day:

It is not to take responsibility away from any department of the government. The work to be done will be carried out under the several government departments, but there will be one body which shall have the power to supervise all the work and to see that it is properly correlated in affording the employment anticipated; also to advise the government with respect to what may be desirable courses to pursue. Not only that, the commission will have power to take a similar birdseye view with respect to what is being done to provide employment and relief in each and all of the provinces, what is being done in the municipalities, and what is and may be done by private industry.

None of these functions has been performed by this commission. I do not know why. Probably the minister knows better than any other hon. member. My own viewpoint is that he decided that the commission was an unnecessary adjunct of the Department of Labour, and possibly his department may be able to perform the functions that were being performed by the commission. But my main point is that for a period of two to three years the people of this country were led to believe that, with the appointment of a commission to deal with unemployment, we would have a body that would do something worth while to cope fundamentally with that problem, and no sooner had it been appointed and the members had, so to speak, warmed their seats, than they were told that their services were no longer required.

I come to some of the recommendations of the commission—which were unanimous—and the attitude of the minister thereto.

The first was the need for early action to provide low-rental housing. If I understood the implications of the speech that the Minister of Labour made in this chamber on Monday last, we are not going to have very much low rental housing at this session of parliament—

Mr. BLACKMORE: Or any other.

Mr. HEAPS: I would not go quite so far as the hon. member for Lethbridge. The Minister of Labour told us the other day that the present housing act is now providing more houses than it formerly did. When the minister imparted that information to the house I was inclined to believe he was telling us that there is not much use to hope for the introduction of a housing bill this year to provide a scheme of low cost rental housing; nor are we to have that much-heralded scheme of slum clearance.

I need hardly say that in the last election and prior thereto the people of this country were given definite promises that during this parliament the government would undertake large schemes of low rental housing and schemes of slum clearances. I believe they were told that over the radio just on the eve of the election. I should like to know why those promises were made and nothing done to fulfil them. I am aware that hon. members who sit opposite may ask what I would suggest should be done under the circumstances.

Mr. WOOD: We have been thinking that. What would the hon. member do?

Mr. HEAPS: I will tell hon. members. First let me say that "credit is a public matter, not of interest to bankers only, but of direct interest to the average citizen." I would advocate "the immediate establishment of a properly constituted national central bank to perform the functions of rediscount, and the control of currency issue, considered in terms of public need." That is one thing I would do. There are not many "hear, hears." I notice, just now.

An hon. MEMBER: Hear, hear.

Mr. HEAPS: I would recognize further that "the problem of distribution has become more important than that of production," and I would say that "personality is more sacred than property." I would devote myself to "finding ways and means of effecting a fair and just distribution of wealth with increasing regard to human needs, to the furtherance of social justice, and to the promotion of the common good."

Mr. WOOD: Does the hon. member think that he could go to someone who had money to lend and get credit on his personality?

Mr. HEAPS: Let me finish the statement:

> I believe the country would welcome, above all else, a comprehensive scheme of urban and rural improvements. Such a scheme would appropriately include the clearance of slum areas, housing programs, the painting and repair of buildings and fences, both in the cities and the country; and, of scenic development, which would serve to make of Canada a country second to none for tourists, and to afford to the people as a whole fuller opportunities of recreation and the enjoyment of natural beauty.

I am asked from what I was quoting. I was just quoting from speeches made by the Prime Minister in 1935.

I come now to the other recommendations of the commission, the second being the creation of a national tourist committee. I do not think the unemployed will get very much consolation from that. The others deal more or less with agricultural rehabilitation and other methods of dealing with the question of relief. As I said before, relief is only a part of the problem of unemployment and I would rather have it done away with entirely. What I should like to see is provision whereby the people of the country might earn their own livelihood. Instead of devoting four-fifths of his speech to details of administration with regard to relief, however important that may be from the administrative standpoint, I think it would have been better had the minister given us some idea of the government's program for dealing with the existing situation. Since the minister made his speech it has been announced that the government is going to spend large sums of money for the purpose of providing employment. I have no objection to expenditures for this purpose, but I believe the minister will agree with me that no form of capital expenditure can be a cure for the problem of unemployment. In my humble opinion the piling up of a debt burden will only aggravate an already serious situation. If we are to tackle this important problem of unemployment we must deal with it in a more fundamental way than by merely expending large sums of public money which only add to the national debt burden.

So far we have had no indication of the government's policy apart from the expanding of foreign trade. We find that to-day there is a contraction in our foreign markets and we

begin to realize at once how little we can depend on those markets as a means of enabling us to cope with our internal problems.

Mr. ROGERS: My hon. friend, I know, is keenly interested in this question. He says that what we should look for is employment and I agree with him absolutely. He has considered the possibilities of increasing employment, but he does not believe that there is any hope in an expansion of trade, nor does he believe that it is a wise policy to make capital expenditures for the purpose of providing employment. I agree with him that expenditures of that kind, if they are to be justified, must lead ultimately to an increase in national income. That is their essential justification. But I do not think that he has thrown any light on the situation. He has said that you cannot provide sufficient employment through expanding trade. He has said that you cannot provide employment usefully by means of large capital expenditures. He has also said that we ought not to continue relief. What does he suggest?

Mr. HEAPS: I did not say that we ought not to do those things; I said that they are not a solution.

Mr. ROGERS: What is the solution, then?

Mr. HEAPS: I say that capital expenditures are not a solution for the unemployment problem.

Mr. ROGERS: Nor is expansion of trade, according to the hon. gentleman.

Mr. HEAPS: The granting of relief is not a solution. The mere fact of obtaining wider markets for our products is not in my opinion a solution, and I think that is evident: throughout this period of seven or eight years we have been faced with acute unemployment. What can we do? I am in favour of a comprehensive housing scheme, a scheme of clearing away slums, to provide employment and at the same time give to the people of the country proper housing accommodation; and I believe in doing this through the public treasury without adding to the national debt. That is the difference between the hon. gentleman and myself. I do not believe that the government are prepared to do that. I would also provide for public works along the same line. In 1934 the previous government provided approximately $34,000,000 for public works through the creation of additional currency and nothing serious happened.

Mr. ROGERS: I think my hon. friend is incorrect as to the amount.

[Mr. Heaps.]

Mr. HEAPS: I understand that $35,000,000 was printed and a part of it was used for a public works program. The money was printed as part of the government's policy and no harm came to the country. I suggest that we could enter upon a comprehensive housing scheme, with all our natural resources, without having to borrow from private interests. Personally I cannot see anything wrong about a principle of that kind, but the government will not accept it.

I would go a little further. The moment we suggest that the needs of our people should be satisfied first, before we look to the export of commodities, we are told that we are economic nationalists. What I am trying to do is to bring about economic sanity in the affairs of the country. The minister told us on Monday that from certain parts of Canada we were exporting to other parts of the world, halibut, salmon and apples. What consolation is it to the million people on relief to-day to tell them that we are sending out of Canada the foodstuffs that they should be given the first opportunity of consuming? Under a proper system of planned economy it would be possible to distribute those commodities among our own people. Our own Canadian people who in their general capacity have helped to produce that wealth should have the first claim upon it. That is where we differ from the government. They would rather export these goods to people in other parts of the world than see our own people consume them. I would prefer to see our own Canadian people given the first opportunity to acquire the goods produced in the dominion.

I wish now to deal with one or two other questions touched upon by the Minister of Labour in relation to matters contained in the report. We were led to believe, prior to the election, that we might have a scheme of unemployment insurance in Canada, and amongst those who believe they would become beneficiaries of such a scheme there are many who think that all the unemployed would automatically come within its purview. The commission, I believe, has correctly pointed out that the experience of other countries shows that no unemployment insurance system can carry the full burden of unemployment. Provision must be made for those who cannot qualify for unemployment insurance, and for workers who exhaust their benefits under such a plan through prolonged idleness. I am becoming more and more convinced as time goes on, especially with the recurring periods of unemployment coming in much shorter cycles than twenty or thirty

years ago, that any unemployment insurance scheme introduced under existing economic conditions can reach no more than an extremely small proportion of unemployed men. Those whom an unemployment insurance scheme is likely to include are those in more or less permanent employment, the ones least likely to need the benefits. Consequently the hope that vast numbers of workers may have had of benefiting by an unemployment insurance scheme are not as great as it may have been in years gone by.

I remember when an unemployment insurance scheme was first introduced in the British house, about thirty years ago. At that time the government and those engaged in the statistical survey of unemployment could measure the amount of unemployment with reasonable accuracy. They could say that it would vary in a given period of years from five to ten per cent. But to-day the variation is ever so much greater. I think 160,000 was the number given by the minister the other day.

Mr. ROGERS: Of unemployed employables on relief.

Mr. HEAPS: But the total number unemployed is probably much greater. How much greater we do not know, but we may have a reasonable idea.

Mr. ROGERS: You can have an estimate by the bureau of statistics.

Mr. HEAPS: You can have a reasonable estimate. But you cannot say now what the number of unemployed is going to be within one or two years. To-day it may be 150,000 and two years from now it may be 750,000, as it was in 1933. In fact from the time the interim report was made public until to-day, when the final report of the commission is before us—in just those few months—there has been a vast change in the economic situation in this country. If such a change can take place in a few months, what is likely to happen in two or three years? The cycles recur more frequently and their magnitude is greater than in the past. Instead of a variation of five to ten per cent it may be as high as thirty per cent, and no unemployment insurance scheme that the government can introduce could ever take care of such numbers of unemployed as we have had in years gone by.

One thing I did hope the commission might recommend was something in the way of relief for our municipalities. But they have not touched that feature at all. In fact they suggest that we proceed on almost the same lines as before in dealing with this problem. And evidently that is about the policy which the government itself is adopting. I should like, however, to quote a few words spoken by the Minister of Labour in this house on March 30, 1936, because they are quite applicable to what we are discussing now. He said, as reported on page 1569 of Hansard:

> The problem of prolonged unemployment in this and other countries is a challenge to the political intelligence of our generation.

With that statement I am in full accord. Then he went on to say:

> As individuals we must guard ourselves against the complacent acceptance of conditions as we find them to-day. As members of parliament and as a government the placid acceptance of present conditions would be little better than a voluntary declaration of political bankruptcy.

But it seems to me that the government is now accepting conditions as they are. I could quote a number of other statements which the Minister of Labour made on that occasion. I have no doubt that when he spoke in this chamber on March 30, 1936, he did so with a sense of the onerous responsibilities devolving upon him and with the intention of doing all that was best under the circumstances, no doubt he thought he would be able to put into effect policies which would bring about the improved conditions which I am sure he desired then, and desires now. He said significantly that if he could not do that it was a challenge to our intelligence and an indication of political bankruptcy.

I wish now to deal briefly with the aspect of the question to which I referred to a moment ago, that of the burden of unemployment relief on the municipalities. We are bound to admit that the municipalities are not responsible for the condition of unemployment in Canada to-day. It is most unfair on the part of the national government and this house that the greater part of the burden arising from this condition should fall upon our municipal authorities. I do not know whether the minister was so sure in his own mind about the statement he made the other day as to the burden upon our municipalities. He said that in certain municipalities the standard of relief was such that it competed with the labour market in that area, the implication being that the standard of relief in those areas was too high. In fairness to the municipalities which may be implicated, and in order that they may refute the statement if they can, I should like the minister to say which municipalities were giving too high a scale of relief. I am wondering whether the minister had in mind the city of Winnipeg. I have heard it said that Winnipeg is

giving the unemployed too much. I had sent to me recently a statement of the scale of relief which the municipal authorities of Winnipeg are giving to the recipients of public relief; here it is. A family of two persons, husband and wife, for unemployment relief food allowance and other sundries in the home, such as soap, etc., receives for a month the equivalent of $12.76. Three dollars a week for two persons to live on in Winnipeg! Is there any hon. member here who will say that is too high? Yet we are told that in some municipalities the standard of relief is too high. So the scale goes on until the highest is reached—$41.64 per month for food for a family of two grown-ups and six dependent children, in other words a little less than $10 a week for food for eight persons! I do not think a little over $1.25 per week per person in a family of eight could by the greatest stretch of the imagination be said to be too much. I think in fairness to the municipalities he had in mind the minister should state which cities were giving too much by way of relief, and give them an opportunity to state their side of the question.

There is also the question of the financial burden on the municipalities. In 1929 the city of Winnipeg spent $25,914 in the way of unemployment relief, and I think in a comparative sense the figures I am giving would be applicable to almost any large industrial area in Canada. The year 1929 was during the period which we commonly term the highest peak of prosperity in this country, although I must admit that it was only a onesided prosperity. In 1937, however, for its share of unemployment relief the city of Winnipeg had to spend the sum of $1,530,015. That is the extent to which it had grown. Over a period of seven years, from 1931 to 1937 inclusive, the city of Winnipeg had to spend approximately $10,000,000 in the way of public relief. How can any municipality stand such heavy expenditures? Winnipeg cannot. In 1929 and 1930 Winnipeg was one of the best financed cities in Canada. It had a sinking fund equal to the best to be found anywhere on the north American continent; but to-day, as the result of capital expenditures involved in connection with unemployment relief over a period of more than seven years, the banks refuse to grant the city further credit. That $10,000,000 means that out of revenue the city of Winnipeg must make an annual expenditure of $550,000 for interest charges.

I think in considering this whole question of relief the government ought to come to the aid of our municipalities and relieve them of this burden, in order that they may fulfil the functions they ought to fulfil as municipal bodies. Under present circumstances it is almost impossible for Winnipeg, together with a great many other cities in the west and probably in the east as well, to carry on. They find themselves on the verge of bankruptcy, due to this load of unemployment relief for which they are in no way responsible. I would plead with the minister that the government make additional grants in aid to the provinces so that this aid may be passed on to the municipalities, thereby recognizing the responsibility of the federal government for the unemployment situation in Canada. That it is recognized as a federal responsibility is shown by the fact that to-day we are told that the government will expend large sums of money for public works.

When these expenditures are being considered by the government I believe they should be made in municipalities where they are most needed. I do not care whether the municipalities are in the east or the west; I should like to see the government give most where the need is greatest.

Mr. DENTON MASSEY (Greenwood): I have carefully considered the speech delivered on Monday by the Minister of Labour, and at least one part of it impressed me profoundly. I refer to page 1983 of Hansard, where the minister says:

> Without question it—

That is, unemployment relief.

> —is the most vital problem which confronts all governments at this time, regardless of the measures that may be adopted to deal with it. I should like to suggest to the committee that in its wider aspects it involves our whole theory of government and it raises issues, as I have had occasion to mention before, which lie at the very root of our system of federal public finance.

I should like to congratulate the minister upon expressing that point of view, for indeed what he has said is no idle truism. Further, I should like to congratulate him upon his lucid speech, but as I read it I was reminded of the language of Winston Churchill, who, in speaking of another, said in essence that his own native lucidity of expression was a great handicap to him when he had so little to say.

The speech of the minister deals with a problem that goes to the very depths of our national life and is, as the minister himself states, without question the most vital and pressing of all the problems with which we have to deal. The minister spoke for a space of three hours, during which he purported to cover the whole broad problem. He dealt

with many different points, but perhaps if he should ask himself what the man on relief feels to-day as a result of what the minister said in his three hour speech, he might well ponder upon the reply. Does the man on relief to-day feel encouraged as a result of the minister's speech? There are in this dominion at this very moment hundreds of thousands who are dependent upon the payment of relief and who look to the bounty of the government for mere sustenance. They are as well looking to the government to take some action to improve the lot in which they find themselves to-day due to no fault of their own. Is there any member of this committee who feels for a moment that those on relief to-day, those who are employable but unemployed or those who are employed for part time, can take encouragement out of anything that has been said by the minister? What hope is held out to these men and women?

I have under my hand the "final" report dated January 26, 1938, of the national employment commission. Within the covers of this report there is much to which all hon. members may subscribe. Unquestionably the commission has done its job honestly and well within the limits of its ability, but what is to be the fate of its final report? What is to be done with these recommendations? The house has witnessed during the last session or two what has happened to many reports. There have been interim reports of this commission, and what treatment have they received? I shall return to that in a few moments, but now we are told by the minister that the findings of the commission are to be held pending the report of the Rowell commission. One commission reports to another. It sounds very much like a double play in a baseball game, "Rogers to Purvis to Rowell." Here we have one commission set up to accomplish a definite purpose and to make recommendations to the government. Those recommendations are made, and now we are told that we must wait. The commission was fully conscious of its own position in this matter, for if we turn to page 8 of their report we find this language, referring to the work done by the employment commission:

> The extensive work done during the last twelve months will undoubtedly be of considerable value to the new commission.

This is an expression of opinion from the national employment commission, in its own report, referring to the new commission which is to follow it. After all, we in Canada to-day find ourselves faced with the well known Liberal policy of another year and another country, a "wait and see" policy strangely reminiscent to those who read history of the policies adopted by Lord Asquith by which he paved the way for the disintegration of the British Liberal policy. Wait and see! Well, Mr. Chairman, I think we have to admit that the government has great "weight" of numbers, but it seems to be completely at "sea" in this matter.

What great work has been done; what great accomplishment has been achieved by the government in connection with the matter before us at the present time? I shall not take up the time of the committee in attempting to cover the ground covered by the minister in his speech on Monday, or to review all that he said. I shall deal with only one or two phases of it.

It was with some degree of satisfaction that the minister reported what had been done under the farm improvement, employment and settlement plan. The minister realizes, as does the national employment commission, that this plan was not set up by this government, not even recommended by the national employment commission, but constituted by the former government. The present government has to its credit, let it be said, the fact that it adopted the principle of that plan.

Mr. MARTIN: Look at the difference in the results.

Mr. MASSEY: I have noted them. The plan under the former government was and still is a great success, but do not forget the origin and point from which it started, and give credit where credit is due. Fifty thousand men have been placed under the scheme and the minister is to be congratulated upon having accepted it. Surely the government and the national employment commission should not assume any credit for this plan. I think this answers the hon. member for Essex East (Mr. Martin). It is certain, however, that in connection with this plan the minister has not been able to break down the resistance of the largest province in the dominion. During a discussion on this matter in 1937, I asked a question of the minister, which is reported on page 2827 of Hansard of that year, as follows:

> Mr. Massey: A few moments ago the minister stated that Ontario had objected to participating in this scheme. In view of the experience of the past year I am wondering if the Ontario government had changed their minds and if they would now like to come into the scheme.
>
> Mr. Rogers: I am unable to answer that question at this time.

And a little later:

Mr. Massey: Will the province of Ontario again be consulted before the coming winter?

Mr. Rogers: I can assure my hon. friend that the matter will receive further consideration during the summer months.

The minister is reported on page 2161 of Hansard of this year as having stated the other day:

Mr. Rogers: Although the plan was submitted to Ontario it did not feel that the situation warranted the adoption of that plan.

And a little later:

Mr. Edwards: There were no contributions to Ontario under this plan?

Mr. Rogers: No.

Mr. Lockhart: Would the minister give the reasons why the plan was not adopted by Ontario?

Mr. Rogers: As I recall it the communication was to this effect: It was anticipated that increased logging, lumbering and mining operations in Ontario—

I assume he refers to preparing our logs for export to the United States, to be fabricated by United States, not Canadian workmen.

—would very largely absorb the single unemployed, and at the time there was promise of a very marked expansion in those directions. Objection was taken to it also on the ground that the wages paid under this plan, if you can so term the allowances made, were well below what was normally paid farm workers in Ontario, and the department of labour of the province felt that it would be unwise to adopt the plan in view of those two considerations.

Apparently the minister has not been able to overcome the objections raised by Ontario, and the result is that as far as Ontario is concerned this plan has had little or no effect. I shall refer to this situation again later.

Next, hon. members will recall that a million dollars was voted in the dying hours of the last session of this parliament for the purpose of reestablishing the youth of Canada or to take steps in that direction. What was done with this money? The report of the national employment commission which was tabled the other day mentions what has been planned for youth reestablishment. The particulars are set out on pages 11 and 12, and I quote as follows:

Training in forestry and conservation under the administration of the forestry services of the provinces of British Columbia, Alberta, Manitoba, Ontario, Quebec, New Brunswick and Prince Edward Island.

Technical and practical training in placer and hard-rock mining in the province of British Columbia, Ontario, Quebec and Nova Scotia.

Industrial apprenticeship and learnership courses, coupled with necessary amounts of technical instruction, in the provinces of Manitoba, Ontario and New Brunswick.

Occupational training and vocational guidance for young unemployed persons in all provinces except Nova Scotia.

Agricultural training and apprenticeship in the agricultural schools and by placing selected young unemployed persons in farm homes, in the provinces of Alberta, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island.

Women's training courses for domestic and household work, homemaking management, handicrafts and specialized services in all provinces.

Physical training and health education of varying character, suited to maintain the morale and improve the physical fitness of young people of the region or province, in all provinces.

Specialized services, in cooperation with the employment service of Canada, for the purpose of ensuring that training plans for young men and women lead up to placement.

On March 28 my very good friend, the hon. member for Essex East, asked two intelligent questions, as reported on page 1738 of Hansard. These questions, which had to do with the youth training program, read:

1. What opportunities are being offered to rural youth under the dominion-provincial youth training program?

2. What provinces have to date signified their intention of continuing the youth training program under the dominion-provincial arrangement of last year?

In answering that question, the minister outlined the courses which have been set up. For instance, in connection with Ontario, we find the following:

Courses for young women in catering (two-week courses) for tourists, rug weaving, dressmaking and sale of home-baked products.

In connection with British Columbia we find:

One course in chick sexing.

The total number of young people participating in all courses in all provinces is approximately 10,000. The complete answer will be found on pages 1738 and 1739 of Hansard.

On the same date the hon. member for Peel (Mr. Graydon) asked some questions in connection with the same matter, as reported on page 1742 of Hansard:

1. Upon what date did the dominion-Ontario (youth training) agreement go into effect?

2. How many unemployed young women have entered training for household work and specialized services under schedule "C" of said agreement since the said agreement went into effect?

3. How many have finished their course of training?

4. How many are still training?

5. How many schools or training centres have been established for the above mentioned purposes, and where are they located?

The minister answered as follows:

1. The agreement entered into with the province of Ontario with respect to youth training is effective from August 1st, 1937, to March 31st, 1938.

2. Up to February 28th, 425 young women had entered training for household work.

3. Up to February 28th, 144 had finished training and been placed in employment.

4. 188 were in training as at February 28th.

5. Seven training centres have been established one at each of the following points: Ottawa, Toronto, Hamilton, Preston, St. Thomas, Windsor, Sarnia.

Another question asked by the hon. member for Peel reads as follows:

1. Since the date of dominion-Ontario (youth training) agreement, how many unemployed young men have taken advantage of the courses of training in practical farming, as provided in schedule "D" of the said agreement?

2. How many are at present with farmers under the provisions of the said agreement?

3. How many of the said trainees have completed their courses of training under the supervision of farmers in the county of Peel?

4. How many of such trainees are still in training with Peel county farmers?

The minister answered as follows:

1. Up to February 28th, 115 young men have entered training in practical farming.

2. 93 were still with farmers in February.

3 and 4. The reports received from the province do not give the information by counties.

There you have it. The minister's own statement made in answer to these questions is that so far a total of 10,000 young people have taken advantage of the opportunities offered by this grant of $1,000,000.

Mr. ROGERS: In rural courses. If the hon. member will go back to the statement he will see that it covers courses given in rural areas. The hon. member has not dealt with the courses given in the larger centres of population.

Mr. MASSEY: I was simply taking the minister's statement.

Mr. ROGERS: I just state that in order to avoid any misunderstanding.

Mr. MASSEY: I read the whole answer from Hansard, and I shall read it again if necessary.

Mr. ROGERS: The bulk of the work has been in the cities.

Mr. MASSEY: I understand that. I stated distinctly that they were rural courses. So far 10,000 young people in the rural areas have taken advantage of the opportunities offered under this plan. The hon. member for Essex East seems to be nervous. Has he a question to ask?

Mr. MARTIN: I was not nervous, but I would direct attention to the fact that the hon. gentleman's observation has reference to the entire situation and not to the rural areas. In the light of that I do not think his observation was altogether fair or adequate.

Mr. MASSEY: Not at all. I read the whole question and I read the whole answer. I said that so far 10,000 young people had participated in the courses. I was referring to the courses offered to rural youth. The rural young people in the hon. member's riding have taken advantage of the opportunities offered by this grant of $1,000,000. Nothing could be clearer than that.

Mr. MARTIN: It is clearer than it was.

Mr. MASSEY: Let us look at the figures in regard to the youth of Canada without respect to rural or urban centres. This year in the Dominion of Canada there will reach the age of sixteen some 210,000 young men and young women. Of this number 70,000 will not finish or will not have finished elementary school; 105,000 of them will go to some high school; 42,000 of them will proceed to matriculation; 21,000 will go to university; and 6,000 will graduate from university. Thus, 168,000 of our young people who will reach the age of sixteen this year, will not matriculate.

I wish to make an assumption, and in it I wish to get the concurrence of the minister. Would he consider it a safe assumption to state that two-thirds of those who leave school prior to matriculation leave for the natural reason that they feel it is desirable or necessary for them to become at least a part bread-winner in the family and, as it were, pull their weight in the family boat.

Mr. ROGERS: If my hon. friend is putting that as a question, he will understand that I have no basis, and he has no basis, for doing other than making the assumption.

Mr. MASSEY: Is it a reasonable assumption?

Mr. ROGERS: I have no further information than my hon. friend has.

Mr. MASSEY: Possibly the minister will grant for the purpose of discussion that it is not too far beside the mark.

Mr. ROGERS: That is the hon. member's statement.

Mr. MARTIN: Marriage may be a minor stimulus.

Mr. MASSEY: The hon. member is in a better position to know than any other member of this chamber.

Let us say for the sake of argument that two-thirds of those who do not matriculate do not do so for financial reasons. I take that figure resulting from my own experience with young people. Then I assume that 100,000 of these 210,000 young people who reach the age of sixteen this year leave school prior to matriculation because they have not the necessary funds to carry them to that point. The government grant is $1,000,000, and thus, according to the assumption I have made, there are 100,000 young people who, we may assume, might desire to take advantage of that grant at the age of sixteen. In other words, if they have not the necessary funds to carry on their educational training and their learnership courses—that is a new word—they are definitely in a position to take advantage of this youth training. and of the opportunity provided under the $1,000,000 grant. This would mean that there would be available to each one of these young people the sum of $10, not a sum in cash but facilities provided that can be purchased with the sum of $10, and this is for only one age group, no consideration at all being given to those between the ages of seventeen and thirty, who are also eligible under this grant.

Mr. ROGERS: The sum was duplicated by the province, my hon. friend will understand.

Mr. MASSEY: I understand that fully, but I am speaking of federal responsibility, over which the minister has direct control. Apparently he has not so much control over the province. How about other young people who need assistance? The national expenditure for the whole of Canada in 1930-31 amounted to $4,750,000,000. Of this amount 3·5 per cent, or $165,250,000, was spent for our educational institutions, our schools and universities. On the same basis as that which I have just stated, that is, if we were to spend 3·5 per cent only of our national income for the purpose of training youth—and by national income I mean income for which this government is responsible—we would spend 3·5 per cent of $450,000,000, or $15,750,000, for the training of our youth. And yet we grant only one-sixteenth of that amount.

Hon. members will recall what was commenced under the Technical Education Act of 1919. Here a sum of money was granted to the various provinces, a grant in aid for the purpose of stimulating—I believe that is the correct word—technical education. The results have been most satisfactory as far as they have gone. In 1921, as a direct result of these government grants, technical education received a rare stimulus, so that ten years later we find that 121,000 young people were enrolled in our technical schools. Here it seems to me is categorical proof of the efficiency of direct grants in aid to the provinces for the purpose of education. At that time the bugaboo of interference with the provinces, of the usurpation of provincial rights by the federal government, was overcome without any difficulty whatsoever. The provinces accepted these grants and put them to a useful purpose, and they were glad to get them, with the result that technical education in this country received a stimulus which has been a great blessing to those who took advantage of it.

Let us compare the present situation with the past. Here we are to-day facing a national situation created by what has been called the depression, and which to-day is referred to as the recession, when tens of thousands of our young people are failing to get not only technical education but education of all sorts beyond a certain point. Surely the situation is far worse than it was in 1919-1920 immediately after the war. Surely the minister realizes himself that what was done then was a success, and that what can be done now could also be a success. But here we are granting only $1,000,000, and I protested in this chamber last session with all the vehemence of which I was capable against the small amount of this grant. The principle of it is sound. I am not criticizing any one of the courses set up as far as they go, but I do complain of the extent of the grant. When we were dealing with an emergency in the two western provinces of Saskatchewan and Alberta, we poured out of the treasury of this dominion, $22,390,000 under governor general's warrants because there was an emergency. I am not minimizing for a moment the desirability of sending that money to Saskatchewan and Alberta where it will be put to the most useful of purposes, the maintenance of life and of those things which maintain life. Here is an emergency situation; we sent $22,390,000 to the two provinces of Alberta and Saskatchewan because we have to do so. That $22,390,000 is to cure nothing except an immediate situation; it is to cure no cancerous ill but is merely to meet an emergency. It is man's answer to an act of God.

It seems to me that here is an example of what we are doing in so many different ways in this dominion. We are temporizing with the results of situations which we have failed to face. We are not getting down to and dealing with fundamental causes. If we were to spend such an amount as we have sent out to Alberta and Saskatchewan, because we had to do so, on education and learnership courses or apprenticeships—call it what you want—no one can estimate what the results would be in this dominion for the possible returns are immeasurable.

Some of us have had an opportunity of visiting Sweden and Denmark in recent years, and one realizes that their young men and young women who have shown ability to assimilate education are provided with an opportunity to develop themselves into useful productive citizens by having made available to them to the fullest possible extent the country's educational system. The hon. member for Essex East last session introduced most ably a resolution in regard to scholarships. What has happened? We have our $1,000,000, but how far does it go? We must realize that when we spend $1,000,000 on youth reestablishment in this country, we are spending only one-fifth of one per cent of our national income and devoting only that relatively petty and puny amount to youth reestablishment. What shortsightedness is here!

Within the report there is much with which I agree. But on page 12 I read this paragraph:

> In view of its importance, the commission has, in recent months, discussed this problem with all provincial governments, and has also taken active steps to educate public opinion as to the necessity for action so as to provide the appropriate background for practical achievement.

With all respect for the commission, that is the remark of an adolescent. "To educate public opinion," in connection with that with which we are dealing! Surely it is obvious on every hand that public opinion is stirred almost to the breaking point, because the government are taking no direct, forward steps to deal with this question with which they perforce must deal. They are temporizing with the situation and not dealing with its fundamental cause. Educate public opinion! I should think the government would hope that public opinion would not be stirred up any further than it is at the present moment. "Wait and see."

Let us return to the minister's remarks of last Monday. As reported at page 1995 of Hansard, he said:

> For that reason I want to say frankly to the committee that we as a government did not feel it was desirable, at this stage at any rate, that we should by dominion legislation seek to invade the field of apprenticeship. There have been cases before—and they have been brought to the attention of the house—where the dominion government has by a grant in aid induced provinces—at least they have occasionally told us afterwards that they were induced—more or less, the assumption has been, against their will, into new directions of expenditure. I need only mention agricultural instruction and technical education. Once we have gone into those fields the tendency has always been to make what was designed as a temporary expenditure into a permanent expenditure, and in this way to bring about as it were a transfer of provincial obligations to the dominion by a back-door route, and that has not been a satisfactory method of dealing with the situation.

And then later:

> Particularly at the present time, I do not think it is advisable that the dominion government should assume what might be regarded as legislative jurisdiction. . . .

Those are the minister's comments with regard to apprenticeship. Does he really feel that an effort to reintroduce the apprenticeship system into the Dominion of Canada means that we are invading the provinces by the back door? Having the high regard I have for the minister, and the high respect I have for his native intelligence, I cannot but feel that he knows in his own heart that it would not be a back-door practice. It might appear such to some if they wished to misconstrue it, but the minister knows and I know that it is not a back-door method to do what was done in 1919 under the Technical Education Act. The minister knows full well that if it had not been for that act and the putting of it into practice as was done, technical education in this dominion would not be one-half as far along the way as it is.

Mr. ROGERS: The whole question is that apprenticeship is and always has been a matter of provincial jurisdiction. That is the position at the present time.

Mr. MASSEY: So is education, as far as that goes, but we invaded the technical education field because we felt it was absolutely necessary to do so.

Mr. MARTIN: Only through grants in aid.

Mr. MASSEY: The hon. member for Essex East told us that in this chamber.

Mr. MARTIN: Only through the agency of grants in aid.

Mr. MASSEY: The hon. member follows me to-day much better than he usually does. He has my congratulations.

Mr. McLEAN (Melfort): I wonder if the hon. member for Greenwood would tell us what he thinks of the advisability and desirability of industry setting up an apprenticeship system as an economic measure, not as a government aided scheme at all, but for its own sake, for the sake of the community, and as some return for the great favours that have been shown to industry in this country by the public and by governments.

Mr. MASSEY: If industry were to return to the present government the "great favours" shown to it by that government, there would be no apprenticeship system at all. On the other hand, I appreciate the purport of the question asked by the hon. member for Melfort, and if he had not spoiled it by a political reference I would have answered it quite readily.

Mr. SPENCE: He cannot help it.

Mr. McLEAN (Melfort): It is an economic reference. In all sincerity I say that economically speaking this country has granted great privileges and great favours to organized city industry. My question is a sincere one, asked in order to get information from the hon. member, who has given much study to this question, as to the possibility of developing the apprenticeship system along economic lines.

Mr. MASSEY: I think it can be done, and perforce must be done. Of course it is being done, but not to the extent that it was done at one time or to which it might be carried on by industry itself. But there are some industries which, as a result of their own economic experience, find it extraordinarily difficult to set up and maintain an apprenticeship system, because they are not able themselves to absorb those whom they apprentice, and are therefore paying their own money for the apprenticeship of young men and young women who are going into other industries; and they cannot afford that experience.

I am now dealing with a particular case. The hon. member for Melfort asks a general question. I am coming, if he will bide his time just a second, to the recommendations, which I regard as excellent, of the national employment commission in this matter. But what I wanted to ask the minister was: We have in this report, I think it is on page 40, the following:

> The commission has recommended that the following provisions should be observed in the establishment of apprenticeship and learnership plans.

There follow sixteen points, which I shall read if the hon. member would like me to do so:

1. Clear distinction as between "apprenticeship" and "learnership" plans.
2. Definition of age and sex eligibility.
3. Qualifications for selection.
4. Fixed period for apprenticeship courses.
5. For apprenticeship only, a written indenture between apprentice, his parent or guardian and employer.
6. Compulsory government registration and supervision of all approved apprenticeship and learnership plans.
7. Maintenance of craft standards by definite schedules and standards of training—with periodic tests and granting of official diplomas.
8. Fixed period for class instruction of all apprentices and obligatory attendance thereat.
9. In the case of apprenticeship definite ratio of apprentices to journeymen.
10. Progressive wage scale to provide apprentice with regular income.
11. Plans to interlock with provincial vocational education.
12. Establishment of advisory committees under provincial supervision for each trade, where feasible, to work out methods most suitable for the application of plans in designated areas or for particular industries.
13. Appointment of vocational officers to cooperate with technical and secondary schools.
14. Employer and employee organizations to be given every facility to become familiar with the work of technical schools and with the employment service; permission to be granted by industries to senior students and teachers to visit and become acquainted with factory operations as far as may be practical.
15. Revision of school curricula from time to time to bring same into harmony with the practical requirements of industry.
16. Provision to be made in minimum wage laws for exemption of accredited apprentices where their wages are regulated by approved apprenticeship schemes.

That is the report on apprenticeship, by the national employment commission. The hon. member for Melfort can see that there are many different points connected with this matter. I fully admit that it is a complicated problem. But the question I want to ask the minister is: Have any attempts been made to make agreements with industry in regard to apprenticeship? What steps have been taken in cooperation with industry to reestablish what has been done in this regard? The minister in his speech did not make any reference to these matters, and I wondered, as I read the recommendations of the national employment commission—

Mr. ROGERS: What we have done, as my hon. friend is aware, is to enter into agreements with the provinces, and those agreements have contained schedules covering various training projects that involved occupational training which, in turn, involved cooperation with industry. But the administration of them has been with the provincial

governments concerned, even as the whole question of apprenticeship has been under the provincial governments, and I do not think anything could emphasize that more strongly than the various references in the report itself as contained on pages 40 and 41.

Mr. MASSEY: Yes. I have read it.

Mr. ROGERS: A desirable thing is, it is suggested in the report, to link it up with technical and vocational training, which is provincial, and so on.

Mr. MASSEY: The question I had in mind was this. Perhaps there are two steps in the approach to the problem. First, there is the question of determining that provinces are willing to accept a grant in aid for such a reform; then, is the industry willing to cooperate with a provincial or any government as far as an apprenticeship system is concerned? Have any steps been taken to ascertain the latter rather than the former point?

Mr. ROGERS: I should say, both. But our contact as a federal government has been with the provinces. The provinces, in turn, have dealt with industry within provincial borders. There has been in some cases excellent cooperation on the part of industry. In other cases—I do not think I should make any invidious comparisons at this time—the cooperation has not been all that could have been desired.

Mr. MASSEY: The minister referred to the matter in these words:

> I do not think it is advisable that the dominion parliament should assume what might be regarded as legislative jurisdiction over apprenticeship.

Does he regard these courses already set up as involving legislative jurisdiction?

Mr. ROGERS: No.

Mr. MASSEY: Then we are comparing incomparables; the two are different. I could find in the minister's speech, or in the report no reference to the fact that industry had been consulted to see whether they were willing or not to cooperate in any governmental plan.

Mr. ROGERS: The provincial authorities, in carrying out the terms of the agreement, have been in consultation with industry.

Mr. MASSEY: But there is no mention of agreement or otherwise here. The minister refers to no such agreement.

Mr. ROGERS: Agreements have been made between the Department of Labour and similar departments in all the provinces covering the training projects.

Mr. MASSEY: Let me repeat what the minister said:

> I do not think it is advisable that the dominion parliament should assume what might be regarded as legislative jurisdiction over apprenticeship.

Who wants legislative jurisdiction?

Mr. ROGERS: A question was put to me by a member of the house, or there was criticism on the part of the hon. member for Winnipeg North Centre.

Mr. MASSEY: Let me read the context:

> Mr. Woodsworth: But surely if it is possible to do that in what are termed learnership courses, it would be possible to do it in the case of apprenticeship.
>
> Mr. Rogers: I shall not quarrel with my hon. friend over the use of terms. But I shall say this, that, particularly at the present time, I do not think it is advisable. . . .

My whole point is that it is not a question of legislative jurisdiction, but a question of cooperation, a question of working with industry—not working for industry, but working with industry. I repeat, I cannot find in the minister's speech nor can I find in the employment commission's report any reference that leads us to believe that industry has been consulted to see whether or not it is prepared to cooperate with any government, provincial or federal.

Mr. MARTIN: As the minister has pointed out, the administration of this problem is in the hands of the provinces, and while some of the provinces have not cooperated to the extent we should like, some have. In Ontario, in my hon. friend's own city as well as in Windsor, men have been appointed and at this moment are making a canvass of industry in the community to ascertain the extent to which industry is prepared to cooperate with the government in this problem.

Mr. MASSEY: In regard to apprenticeship?

Mr. MARTIN: Yes.

Mr. MASSEY: Well, since we are not clairvoyant, the minister will admit that we could not know it if it were not in his remarks.

Mr. ROGERS: I did not catch the remark.

Mr. MASSEY: I find no reference in the minister's speech to anything of the sort now mentioned by the hon. member for Essex East. I did not know that the matter was going forward in that capacity. All I know is that the premier of Ontario is reported to have referred to the minister's speech as a "headline and a headache."

Mr. ROGERS: That has reference to some other matter.

Mr. MASSEY: It is hard to say to what matter the premier of Ontario refers at any time. The hon. member for Essex East will, however, agree with me in this. We were told in the election of 1935 that there would be great harmony between the federal government and each of at least eight of the nine provinces, were a Liberal government elected. There was even a love-feast in Toronto prior to the election. But now harmony is conspicuous by its absence, which seems to be highly regrettable. It is extremely unfortunate that as we rise in our places here to make a few remarks in regard to such a matter, we have to conjecture whether there will be harmony or not. The minister himself admits that the whole matter hinges on such harmony. It was successful in previous years because the provinces cooperated. I have here a list of what was spent in those years. But to-day youth is handicapped because two Liberal prime ministers cannot get along.

Mr. MACKENZIE KING: Who said that?

Mr. MASSEY: I say it.

Mr. MACKENZIE KING: I thought so.

Mr. MASSEY: I do not think the Prime Minister will contradict that statement.

May I now refer as briefly as possible to the question of housing. At page 1990 of Hansard the minister is reported in regard to housing; he had a few remarks to make on the subject. Later on, after the dinner recess, at page 2000, he made a further reference. In the course of his speech, which fills no less than twenty-six pages of Hansard, he devoted only half a page to the important question of national housing. Why was so little said upon this subject? Because so little has been done. Let us look for a moment at the home improvement plan. The minister reports proudly that under the plan, which was itself under the aegis of the national employment commission, the sum of $15,000,000 has been spent in a year—splendid, as far as it goes. But I challenge the statement that the home improvement plan is some sort of serendipity, so that as a result of it some $60,000,000 or $70,000,000 have been spent in the building industry, that this sum has been spent as a result of the home improvement plan.

Mr. ROGERS: The hon. member for Davenport reminded me of that.

Mr. MASSEY: I cannot challenge so eminent an authority as either the minister or the hon. member for Davenport. I am, however, stating my own humble views, and I say that in my opinion the home improvement plan is not a serendipity. The minister assumes that eighty-five per cent of what was spent under the home improvement plan was spent for labour, and that a $60,000,000 or $70,000,000 impetus was given to the building industry as a result of this plan, basing his figures on what was done in the United States. Well, let us see what has been done there compared with what we have achieved in Canada. The cities in the United States have done considerable work in slum clearance and home improvement. The housing division of the PWA has completed fifty-one projects, having expended $130 million. The minister probably knows of the Williamsburg homes in New York and other places. The housing division employed 102,000 men last year, and enabling acts were passed by various states without undue difficulty. Under the new United States housing act of 1937, twenty per cent of the cost of construction will be met by local and state government and twenty-five per cent by the federal government. And that was followed by the announcement on January 12, 1938, that $146,645,000 had been set aside for the use of forty cities—some $18,000,000 in New York, $4,900,000 in Buffalo, and so on. What have we done in Canada to stimulate building? Have we before us at this moment any low cost housing scheme? Has any such housing scheme been put forward to reduce unemployment? Definitely, yes. But the only direct action taken so far was taken under the Dominion Housing Act of 1935 before hon. gentlemen opposite came into office.

Let us turn for a moment to the final report of the national employment commission. At page 9 there appears this:

> However, the revival of activity in house construction has not kept pace with the revival in other lines. Despite the shortage of housing in most parts of the country, people show little disposition to invest money in this field. There are several reasons for this attitude.

The commission goes on to list five reasons which it regards as adequate to explain the apathy of people in regard to the scheme. The commission feels very strongly on the subject, however, for at page 36 we find this language:

> To direct expenditures on public works it is all-important that there should be added measures for stimulating private expenditures, of which successful examples are to be found in the Dominion Housing Act and the home improvement plan.
>
> There are inherent difficulties in subsidizing employment in private industry, but the expenditure of public funds to promote private expenditures in providing more suitable housing for the country is desirable. In the field of slum clearance and the development of low

rental housing for those whose earning capacity does not enable them to live under conditions which are conducive to their own health and employability, or indeed to the public health, direct subsidizing of private and local initiative, whether by cash subsidy or by loan at less than commercial rates of interest, is desirable. This is only so, however, if adequate care is taken to ensure, first, that there is a supply of unemployed labour of the type required and, secondly, that the benefits of subsidization will go to the low income groups whose position it is desired to benefit.

Now, it is interesting to know on the basis of that thesis that the national employment commission were not derelict in their duty. They did submit a plan; it will be found on page 101 of their report, appendix E, "low rental housing plan." I shall not take the time of hon. members to read that plan, but it is worthy of being read with a great deal of care. There is much to warrant the exercise of critical judgment; there is much to commend this plan to our consideration. But when we turn to page 11 of the appendices we find this statement:

> The plan recommended by the commission was put before the minister some time after the opening of the parliamentary session of 1937, and it is understood action thereon has been held over.

A plan was submitted. They even went so far as to submit a draft bill. The plan was submitted towards the beginning of the session of 1937. Here we are now in the middle or towards the end of the session of 1938, and we are still waiting to see. Why? Why has this plan not been brought forward? The minister gave his reason the other day, as reported on page 2000 of Hansard:

> The national employment commission made proposals to the government last year with respect to low cost housing. These proposals were later given the form of a draft bill which reached the government at a time when it was not feasible to give it the necessary consideration before the prorogation of that short session of parliament.

Is that a reason? Does parliament have to be sitting before the government can consider these matters? Did we arrive here last January and find a draft bill ready to submit to this house for consideration? Is it necessary for the house to be sitting before emergency matters such as this can be given consideration by the government? And where is the legislation at even this late date? There is no legislation. We are waiting to see. Surely the minister will admit that his reason for delay is a lamentably weak reason for not having introduced a housing scheme. Surely the house does not have to be in session before the matter can receive the active consideration of the minister. We did not arrive here and find any plan ready for us. The employment commission reports, and we "wait and see," while another commission reports. Meanwhile what are we doing about slum clearance? What are we doing about low cost housing? What have we done about the report submitted a year ago? What are we doing in regard to farm housing? What are we doing about the dilapidated homes in the rural areas? Soon it will be too late to do anything. As I said at the beginning, we are temporizing with results rather than dealing with causes. We are failing to tackle directly any specific problem. We pay out millions of dollars for relief and flirt flippantly with the causes that make it necessary.

We are faced with many difficult problems which the minister touched upon or brushed in his three hour speech; I have mentioned only two to-day, youth rehabilitation and housing. Much could be said of a positive nature in this regard but I have already taken a good deal of time, and I shall reserve what I have to say of a constructive nature to a later occasion. Meantime we are to "wait and see" and mark time. We must "wait" for another commission to report, and "see" what they report. Meantime what of the employable unemployed? What about those employed part time? What about untrained youth? What about dwellers in slums and dilapidated farm houses? Are they to remain neglected? Is a vast percentage of our youth to remain untrained? Must we expect those who live in farm houses that have long outlived their usefulness to continue to live under such unspeakable conditions? Will slums not be cleared? How long is the government to continue this policy of "wait and see"? There is an emergency facing this dominion which calls for something more than a three hour speech, an emergency which goes to the very quick centre of our national life; for it affects the homes of the country and those who live in them. The government, by neglecting the training of our youth deprives them not only of the opportunity to earn, but to learn how to earn. We are compelling many of those who live in our cities and on our farms to live under horrible conditions while we "wait and see."

In the name of humanity, let us away with this policy of "wait and see."

Progress reported.

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

Thursday, April 7, 1938

The house met at three o'clock.

PELAGIC SEALING

PROVISION FOR SANCTIONS FOR VIOLATIONS OF NORTH PACIFIC SEALING CONVENTION

Hon. J. E. MICHAUD (Minister of Fisheries) moved for leave to introduce Bill No. 98, respecting the north Pacific pelagic sealing convention.

Mr. NEILL: Explain.

Mr. MICHAUD: Mr. Speaker, in 1911 a convention was entered into between Great Britain, the United States of America, Japan and Russia in regard to pelagic sealing in the north Pacific ocean. The convention was ratified by the British parliament of the time, and later, in 1912, enabling legislation was passed by this parliament. But the enabling legislation did not provide for any sanctions for violations of the provisions of the act, and so from 1912 to the present day the sanctions provided by the Fisheries Act were applied. It has been found that this was leading to misunderstanding by the natives of the Pacific coast, and accordingly it has been thought advisable to recast the legislation relating to pelagic sealing in the north Pacific ocean to provide sanctions for violations of the act.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SHIPMENTS TO GREAT BRITAIN OF CANADIAN BEEF AND CATTLE

Mr. LEADER:

1. Have any trial shipments of fresh killed beef been made to the British market?

2. If so, when, and by what agency?

3. Has the government undertaken any work of this nature?

4. If so, what are the prospects of developing this trade?

Mr. GARDINER:

1. Yes.

2. Harris Abattoir Co. (now with Canada Packers), 1921; Dominion experimental farms, 1923; University of Saskatchewan, 1934.

3. Yes. Dominion experimental farms, 1923.

4. Prospects indicate further experimental shipments warranted.

[Mr. Massey.]

Mr. LEADER:

1. How much shipping space is available for the transport of Canadian cattle to Great Britain during the next three months?

2. Has all available space been booked for this period?

3. If so, can the government furnish the names of the men or firms exercising this control?

Mr. GARDINER:

1. Approximately 12,000 spaces.

2. Yes.

3. D. A. Campbell, Donald Munro & Sons, and Alexander Muir, Montreal, Quebec. These men operate independently but also act as the representatives of United Kingdom firms buying in Canada.

PROMOTION OF SALES OF FISH

Mr. NEILL:

1. How much money has been spent in each year from 1931 to 1937 inclusive, on advertising: (a) to promote the sale of fish in Canada; (b) in Britain?

2. If it can be separated, how much of this has been spent on specifically promoting the sale of salmon?

Mr. MICHAUD:

1. Fiscal years	(a) Canada	(b) Britain†
1931-32	$ 4,041 40	....
1932-33	4,187 80	....
1933-34	2,800 20	....
1934-35	1,477 80	....
1935-36	2,967 00	....
1936-37	140,026 29	$25,000*

†So far as the Department of Fisheries is concerned.

*Transferred to high commissioner for Canada in London for use in "Canada Calling" campaign.

2. The advertising within Canada related to Canadian fish foods generally not species of fish; there was no advertising of salmon by itself. The money transferred to the High Commissioner was earmarked for the advertising of canned salmon and canned lobster.

ST. MICHEL DE BELLECHASSE, QUE., LIGHTKEEPERS

Mr. BOULANGER:

1. What amount has the government paid to Mr. Ulderic Roy, of St. Michel de Bellechasse, for land, right of way and damages in connection with the construction of a range light on his property?

2. From the time of such construction to date, who were the range light keepers, and what was their annual rate of pay?

Mr. HOWE:

1. $300—lighthouse site 50 feet square and right of way 1,600 feet long. $60—right to erect a pole line to lighthouse.

2. Front light—(electrically operated).

Edmund Dugal—April 26, 1928-July 31, 1928, $25 per annum; Aug. 1, 1928-March 31, 1929, $60 per annum; April 1, 1929-Sept. 30, 1929, $80 per annum; Oct. 1, 1929-Sept. 30, 1930, $85 per annum; Oct. 1, 1930-March 31, 1932, $90 per annum; April 1, 1932-March 31, 1934, $95 per annum (less 10 per cent); April 1, 1935, $100 per annum.

Back light—(electrically operated).

Ulderic Roy—April 26, 1928-July 31, 1928, $50 per annum; Aug. 1, 1928-March 31, 1929, $60 per annum; April 1, 1929-Sept. 30, 1929, $80 per annum; Oct. 1, 1929-Sept. 30, 1930, $85 per annum; Oct. 1, 1930-March 31, 1932, $90 per annum; April 1, 1932-July 31, 1932, $90 per annum (less 10 per cent).

Edmund Dugal—Aug. 1, 1932-Nov. 15, 1932, $45 per annum.

Onesiphore Chamberland—Nov. 16, 1932-March 31, 1934, $90 per annum (less 10 per cent); April 1, 1934-June 30, 1935, $90 per annum; July 1, 1935-March 31, 1936, $95 per annum.

Philippe Goupil—April 21, 1936-June 30, 1937, $80 per annum; July 1, 1937, $85 per annum.

ST. DENIS COUNTY, QUE., POSTAL SUB-OFFICES

Mr. DENIS:

1. How many postal sub-offices are located in St. Denis county, what are their addresses, and what are the names and addresses of the persons operating them?

2. When were such persons appointed?

3. What are the names and addresses of persons provided with a permit for the sale of postage stamps in St. Denis county, and when were they granted such a permit?

Mr. EULER (for Mr. Elliott):

1 and 2. Sub office—address—sub-postmaster—date of appointment:

Villeray—7706 St. Hubert, Albert De Repentigny, April 30, 1936.

No. 6—6865 St. Hubert, Ludovic Duquette, March 7, 1932.

No. 10—8480 St. Denis, Georges Lamarche, July 17, 1931.

No. 36—6045 Christophe Colomb, Laurent Arthur Lefebvre, May 30, 1932.

No. 45—7499 St. Denis, Rosario Filion, January 4, 1934.

No. 58—5801 St. Hubert, J. René Adam, February 15, 1929.

No. 59—1251 Beaubien-Est, Rosario Filion, October 19, 1937.

No. 67—8119 St. Hubert, Wilfrid Chamberland, August 7, 1928.

No. 73—6415 St. Hubert, Donat Laporte, January 13, 1933.

No. 86—200 DeCastelnau, Jos. Emile Lafrance, December 9, 1925.

No. 91—6698 Christophe Colomb, Henri Toupin, April 5, 1932.

No. 108—6947 St. Denis, A. B. Doray, March 28, 1917.

No. 114—236 Jarry, Narcisse Morin, August 17, 1922.

No. 119—1251 Belanger, Leslie James Lamoureux, March 27, 1933.

3. Name—address—permit or licence—date granted:

O. Barbeau, 7407 Christophe Colomb, P, June 22, 1933.

J. G. Benoit, 7901 St. Denis, P, August 22, 1927.

J. P. Durand, 651 Jarry, P, September 29, 1932.

R. Denis, 750 Belanger East, P, September 17, 1934.

R. Dubé, 635 Jarry, P, February 23, 1938.

J. A. Gauthier, 500 Beaubien East, L, August 12, 1929.

L. Harvey, 6055 St. Denis, P, January 5, 1938.

P. L'Heureux, 7348 St. Denis, P, June 4, 1936.

E. Lemay, 6945 Delaroche, P, January 30, 1936.

V. Labrie, 7900 Casgrain, P, September 5, 1923.

F. Lamarre, 7904 Chateaubriand, P, August 13, 1927.

O. Meunier, 7040 Christophe Colomb, P, January 30, 1936.

O. Nadeau, 7400 Christophe Colomb, P, May 8, 1936.

Rev. L. Page, 7400 St. Laurent, L, April 16, 1937.

J. Serres, 1290 Beaubien East, L, December 10, 1935.

H. S. Talbot, 354 Beaubien East, P, February 7, 1930.

R. Terreault, 6978 St. Hubert, P, October 20, 1934.

United Cigars, 6910 St. Denis, P, September 18, 1934.

REPAIRS TO FORT HENRY

Mr. LENNARD:

1. What repairs have been done to Fort Henry, in the county of Frontenac-Addington, since January 1, 1936?

2. On what basis was the work carried on: (a) contract; (b) cost plus?

3. Who has the contract for the said work?

4. Were tenders called for by advertisement?

5. If not, who tendered on the work, and who granted authority for them to tender?

6. If so, what are the amounts of the various tenders?

7. Upon whose recommendation was the contract awarded?

8. What quantity of materials has been delivered to the work to date?

9. By whom were these supplied?

10. What check was made by the Department, or by any one acting for the Department, in the delivery of materials?

11. Has the contractor been authorized to transfer any material from this work to other work being carried on by the same contractor in the city of Kingston?

Mr. ROGERS:

1. The cost of repairs to Fort Henry have been contributed to by the dominion under both The Unemployment Relief and Assistance Act, 1936, and The Unemployment and Agricultural Assistance Act, 1937. The repairs consisted of general improvements and restoration of grounds, buildings, walls of fort and gun sites.

2. Contract and day labour.

3. Contracts for the work under both of the above mentioned acts were awarded to Frid Construction Company Limited.

4. Yes.

5. Answered by No. 4.

6.

	The Unemployment Relief and Assistance Act, 1936	The Unemployment and Agricultural Assistance Act, 1937
	$	$
Frid Construction Co., Ltd...	72,288 50	305,448 50
Harold Harvey..	98,968 00	335,008 00
McGinnis & O'Connor..	102,946 00	328,743 50
Fitzpatrick & Wright..	92,667 00	.....
Russell Construction Co...	137,722 75	.....

7. The contracts were awarded to the lowest tenderer and were between the government of the province and Frid Construction Company Limited.

8, 9, 10 and 11. The work carried out was within the jurisdiction and supervision of the provincial government and the information requested is not a matter of record with the dominion government.

CANADIAN COMMISSIONER TO PARIS EXPOSITION OF 1937

Mr. BARBER:

1. Who was Canadian commissioner to the Paris exposition in 1937?

2. What amount was paid the commissioner for travelling expenses and other charges?

Mr. EULER:

1. Oscar L. Boulanger, M.P.

2. $3,000.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FEDERAL SEED AND FEED INSPECTORS IN ALBERTA

Mr. MARSHALL:

1. What are the (a) names; (b) ages; (c) addresses; (d) salaries of all seed and feed inspectors appointed by the federal Department of Agriculture in Alberta during the year 1937?

2. Were these appointments made under the Civil Service Act or by the Department of Agriculture?

3. How many of those appointed are returned men, and what are their names?

BUTTER IMPORTATIONS

Mr. THOMPSON:

1. How many pounds of butter were imported into Canada from New Zealand from January 1, 1938, to the present time?

2. How many pounds of butter were imported into Canada from Australia from January 1, 1938, to the present time?

3. How many pounds of butter were in cold storage in Canada on the 31st of March, 1937?

4. How many pounds of butter were in cold storage in Canada on the 31st of March, 1938?

5. How many pounds of imported butter were held in bond on March 31, 1937, and on March 31, 1938?

6. What is the rate of duty on butter imported from Australia and New Zealand direct through: (a) Atlantic ports; (b) Pacific ports?

7. What is the rate of duty on butter, coming from New Zealand and Australia, imported from Great Britain?

LIVE STOCK WINTER FEEDING—SASKATCHEWAN

Mr. FLEMING:

1. How many head of cattle were shipped out of Saskatchewan for winter feeding in the year 1937-38?

2. How many horses were shipped out of Saskatchewan for winter feeding in the same year?

3. How many farmers in Saskatchewan are in receipt of relief in the said year?
4. How many farmers in Saskatchewan secured seed grain and fodder, respectively, in the said year?

WESTERN RELIEF EXPENDITURES

Mr. FLEMING:

1. How much money was expended by the government in 1937-38 in the 100 per cent relief area?
2. How much money was expended by the government in 1937-38 in the grant and aid to municipalities?
3. How much money was expended by the government from 1929 to 1938 inclusive on relief in the province of Saskatchewan: (a) in the 100 per cent relief areas; (b) in the grant and aid to municipalities?

NATIONAL EMPLOYMENT COMMISSION STAFF

Mr. COLDWELL:

1. On what date did the members of the National Employment Commission tender their resignation?
2. On what date were they accepted by the government?
3. Did the government give consideration to the commission's final report prior to the acceptance of the resignations?
4. Subsequent to the date the resignations became effective, what members of the staff of the commission, if any, have been or are being dispensed with by the government?
5. Are any of those mentioned in No. 4 returned soldiers?
6. What length of service have they had in various capacities, excluding war services, with the dominion government?

INDIAN ACT AMENDMENT

PROVISION RESPECTING LEASES OF MINERALIZED AREAS AND ADVANCES TO ASSIST AGRICULTURE AND OTHER PURSUITS

Hon. T. A. CRERAR (Minister of Mines and Resources) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient, by amendment to the Indian Act, to authorize the governor in council to make regulations enabling the superintendent general to issue leases of land deemed to contain minerals and to grant in respect thereof the right to prospect for, mine and take away the same; and also to authorize advances of moneys from the consolidated revenue fund to assist Indians in carrying on agriculture and other pursuits, and to make provision for the repayment of such advances; the outstanding advances at any time not to exceed $350,000.

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

Motion agreed to.

PRIVILEGE—MR. BENNETT

POINT RESPECTING STATEMENT ON APRIL 6 OF MR. LACROIX (BEAUCE) ON QUESTION OF PRIVILEGE

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I desire to mention a matter of privilege affecting this house. Yesterday I endeavoured to follow the observations which were made by the hon. member for Beauce (Mr. Lacroix), and while I realized that he was speaking about a question of timber limits and timber dues in the province of Quebec, not until I saw this morning the translation of his observations was I able fully to grasp their meaning. It will be observed from a reading of them that they had to do with matters entirely within the province of Quebec; but that is not the point which I desire to mention. We all have an interest in the maintenance of our institutions, and I do not claim to have any greater concern in that regard than any other member of this chamber. But I invite the Prime Minister (Mr. Mackenzie King) to look at that translation and ascertain whether he does not think that, after a conference with the hon. member for Beauce, certain observations should be expunged from the record. I will not even mention what they are, but they are of such a character as, translated, must convince any of us that had the Speaker been able to hear what was being said he would have indicated that those observations should not have been made in this chamber, because they cannot but have, I believe, a very serious effect upon the position of the House of Commons itself. I refrain deliberately at this time from making any reference to the language employed and the charges that have been made against those who are not in this place, about matters that have nothing to do, under our federal constitution, with this house. I think that when the hon. member for Beauce has perused them, as translated in the official record, and the Prime Minister has done the same, they will regard my observations as temperate and moderate and made for one purpose only, namely to do at least what we can to maintain in this generation respect for our institutions, which I think is a very heavy obligation that rests upon each and all of us at this time

GERMAN PLEBISCITE

POLLING OF VOTE OF GERMAN NATIONALS IN CANADA WITH RESPECT TO AUSTRIA

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): I noticed in the press this morning a short item dealing with the question of an endeavour being made to poll the vote of German nationals in Canada with respect to the annexation of Austria. Possibly it may be of value, as some conclusions have been arrived at, if the Prime Minister (Mr. Mackenzie King) would indicate whether or not (1) any effort has been made on the part of the German government to have us provide facilities for a poll being taken; (2) what reply the administration made to such request, and (3) whether any steps have or can be taken to ascertain whether or not those who claim the right to vote have been naturalized in some instances as British subjects. The latter question is perhaps of the most pressing importance from the standpoint of the country as a whole. I did not get an opportunity to indicate to the Prime Minister that I intended to ask this question on the orders of the day, and if he thinks that it is inadvisable to make an answer without further consideration he can treat it as notice; but inasmuch as the press report indicated that some conclusions had been arrived at, I assumed that possibly the question of notice was unimportant.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I am not aware of any representations having been made by the German government to our government, but I will look into the matter and let my right hon. friend have a reply to-morrow.

SEED GRAIN

RELATION OF FEED AND FUEL ALLOWANCE TO GRANT OF SEED TO FARMERS IN WESTERN PROVINCES

On the orders of the day:

Mr. T. C. DOUGLAS (Weyburn): On page 1790 of Hansard, Monday, March 28, 1938, I asked the Minister of Agriculture (Mr. Gardiner) the following question:

One more question. The minister said this afternoon that feed and fuel would not be deducted from the amount of seed a man could get under the schedule. Does that apply also to repairs?

To which the minister replied:

Feed and fodder and oil and gasoline and repairs have no necessary connection with the seed a man gets.

[Mr. Bennett.]

I am now in receipt of a telegram from a municipal council stating that the amount of repairs given to each farmer is being deducted from his seed schedule. Would the minister care to make any statement with regard to the matter?

Hon. J. G. GARDINER (Minister of Agriculture): As this is a matter entirely in the administration of the province there is nothing I can add to what I stated at the time. Feed, fodder, oil, gasoline and repairs have no necessary connection with the seed a man gets. I imagine that the case of every municipality and every individual will be considered on its merits and some decision reached by the province, but there is nothing I can add to that statement.

BUSINESS OF THE HOUSE

BILLS RESPECTING POLITICAL EXPENDITURES AND ELECTIONS AND FRANCHISE

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Last evening, in announcing the business for to-day, I failed to make reference to two bills which appeared in the name of the Minister of Pensions and National Health (Mr. Power), one relating to political expenditures, the other to franchise and elections. There are obvious reasons which make it desirable to have the bills referred if possible before the Easter recess to the committee on matters pertaining to elections which was appointed the other day. If hon. members have any objections to proceeding this afternoon with these bills of course the government would not ask to have them taken up at the moment; but as there is an understanding that they will be referred to the committee, perhaps there would be no objection to proceeding with the second reading on this understanding this afternoon.

Right Hon. R. B. BENNETT (Leader of the Opposition): Obviously I cannot speak for all of those who sit on this side, but the bills stand for second reading, and as far as we were concerned we practically made up our minds that as the bills in any event were to go to the committee, no good purpose would be served by making any extended observations on second reading. I will content myself with saying that, having read the measures, I trust the Prime Minister will forgive me if I remark that one of them, at least, seems to have been fearfully and wonderfully made.

Mr. MACKENZIE KING: We had the best counsel possible.

Mr. BENNETT: I would doubt that—not on the score of capacity to practise the profession, but from the standpoint of not being able to apply academic knowledge to realities. The two things do not go side by side.

Mr. POWER: It is the first time I have been accused of purely academic knowledge.

Mr. BENNETT: I assure you, Mr. Speaker, I had no intention of accusing the hon. member of possessing academic knowledge. Perhaps I might have said that he had great knowledge of realities, many of which I would prefer that he did not have.

POLITICAL EXPENDITURES

PUBLICATION OF RECEIPTS AND EXPENDITURES AND LIMITATION OF AMOUNT EXPENDED IN ELECTION OF MEMBERS

Hon. C. G. POWER (Minister of Pensions and National Health) moved the second reading of Bill No. 90, respecting political expenditures.

Right Hon. R. B. BENNETT (Leader of the Opposition): I should like to make it abundantly clear that in consenting to the second reading of this bill, which I think under the circumstances it is proper to do, I make the fullest reservation on behalf of those who are associated with me, as not adopting the principles that are contained in many sections of the bill; because it may be difficult to indicate what the principle is that governs the measure as a whole. There are many sections to which I think objection in principle must be taken, and I desire to reserve the right to the fullest measure of discussion with respect to the bill itself and to every section of it in order that there may be no misapprehension in the future.

Mr. POWER: That is thoroughly understood.

Motion agreed to, bill read the second time and referred to the special committee appointed to consider electoral matters.

ELECTIONS AND FRANCHISE

MEASURE RESPECTING FRANCHISE OF ELECTORS, ELECTION OF MEMBERS OF HOUSE OF COMMONS, AND PRINTING AND PUBLICATION OF ELECTION DOCUMENTS

Hon. C. G. POWER (Minister of Pensions and National Health) moved the second reading of Bill No. 91, respecting the franchise of electors and election of members of the House of Commons.

Right Hon. R. B. BENNETT (Leader of the Opposition): I desire to make a similar reservation with respect to this measure. Naturally, if the minister in charge of the bill were to present the case on second reading it might precipitate a lengthy debate. If, with the reservation I have mentioned with reference to the other measure, the bill is given second reading, I cannot see that any harm will be done, because we would reserve the fullest right of criticism with respect to the principles embodied in some of the sections, believing as we do that a closed list has much to commend it as against provisions that exist in some parts.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The government greatly appreciates the attitude my right hon. friend has taken towards expediting consideration of these bills, and care will be taken to see that the fullest latitude is permitted for discussion when they come up again.

Motion agreed to, bill read the second time and referred to the special committee appointed to consider electoral matters.

UNEMPLOYMENT RELIEF

MEASURE FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

The house resumed from Wednesday, April 6, consideration in committee of the following proposed resolution—Mr. Rogers—Mr. Sanderson in the chair:

That it is expedient to bring in a measure to provide assistance towards the alleviation of unemployment and agricultural distress, and for such payments out of moneys appropriated by parliament as may be necessary for all or any of the purposes of the proposed legislation.

Mr. RALPH MAYBANK (Winnipeg South Centre): Before the committee rose yesterday afternoon the hon. member for Greenwood (Mr. Massey) was engaging in a speech of rhetorical excellence, an excellence which I could not hope to approach, let alone equal; however, I might endeavour to emulate him. At that time he was engaging in a criticism as spirited in manner as it was broad in scope, of the work and contribution of the Department of Labour in reference to this problem of unemployment. According to him, it would seem that the Department of Labour is very much like Nazareth of old, out of which apparently no good could come. It seems to me pertinent to remark that just as those who condemned that village were in egregious error, so too the hon. member may very well be in error no less egregious in seeking to belittle the work and the contribution of the minister of that very difficult department.

I do not intend to attempt anything in the way of an oratorical performance to be placed in juxtaposition in the journals of this house with the hon. gentleman's speech of yesterday, but I do think it is desirable that some facts should be dispassionately stated which perhaps might invite renewed reflection upon this problem so that possibly the result may hereafter be less emotion and a little more reason in forming and passing judgment.

I think it perhaps unnecessary for me to remark that I am by no means a complacent person. Whenever I have remarks to make they will not be solely of approbation of things done and of things as they are. I regard smug complacency as of greater danger in the national life than an absolute vice.

It seems to me that extensive criticism with regard to the lack of concrete proposals in the speech of the Minister of Labour (Mr. Rogers) is at the moment ill-timed. It ill becomes me to be dogmatic or didactic about such a matter, but merely from a reading of the resolution and from some slight knowledge of the place which a resolution of this sort occupies in the proceedings of parliament, I take it that we are discussing a resolution only intended to indicate the need for something being done, namely the spending of money; a resolution which under our parliamentary system is necessary in view of the fact that money is to be spent; a resolution which merely directs attention to a condition and to certain circumstances. All that is necessary, therefore, for the mover of such a resolution to do, is to speak in such a way as to give a general review of the situation. It is only necessary that the scope of the problem should be indicated rather than that details of remedies should be given; and perhaps in view of the broad scope of this problem it is not even desirable that an attempt to give full details should be made. If I might borrow a medical term, the remarks of the mover of a resolution of this sort should be diagnostic; no criticism lies because of the lack of complete disclosure of the various remedial plans. And full disclosure will come shortly when the bill is before us.

But while the minister may not have indicated exactly the measures to be taken, I apprehend that no one else is precluded from pointing out the steps that should be taken; and this is exactly what the hon. member for Greenwood did not do. As a matter of fact it is what I propose to do in presenting to the committee the ideas that occur to me—and I am going to present those ideas in complete and untrammelled freedom.

I have read with interest and profit both the interim report and the other publications of the so-called Purvis commission, and I have also read the final report. I must say I cannot see the force of the criticism offered by the hon. member for Greenwood when he satirically utters with tragic intonation the word "final"—"final, final"—with reference to this report. It seems to me this report shows a highly creditable discharge of an onerous and important duty. The job being done, what would the members do but write finis to their work Any person who completes a job, investigative, consultative and advisory in its nature, makes a report. The fact that it is a final report is surely nothing sinister; there is nothing sinister in the dissolution of the commission. If the government should do nothing about the report and nothing about the problem, that would be a different matter.

For my part I should like to see every proposal of the so-called Purvis commission put into effect. I think the housing plans advocated by the commission in its interim report should have been put into effect. I note that the report has certain negative proposals and certain positive ones. As an illustration of a negative proposal I might mention the remarks regarding the unwisdom of certain types of public works. But we should take the report as a whole and look upon its recommendations as complementary one to the other. We ought not to fall into the error of accepting the negative recommendations and failing to accept the positive. For instance, I endorse every word that has been written or spoken in respect to the desirability of a national housing and slum clearance scheme. If that proceeds I care not at all about the other public works which the commission does not favour.

In reference to unemployment I am a strong believer in a works policy so far as possible. I hold it to be true that the curse put upon Adam has since become the most cherished privilege of the human race. That man must earn his bread in the sweat of his brow is to-day a privilege. We are accustomed to speak of unemployment as the greatest national problem; and sometimes to repeat this seems almost trite. Yet that enforced idleness is the most serious national problem not only of this country but of almost all countries cannot be gainsaid. Long idleness undoubtedly makes clods out of sentient men and women.

> Ill fares the land, to hastening ills a prey,
> Where wealth accumulates, and men decay—

—said Goldsmith. We have not so much evidence of wealth accumulating, but we have had for a number of years a great deal of evidence that men decay as a result of idleness. Like many other hon. members I

have kept a scrapbook, and a short time ago I clipped a little piece from the Atlantic Monthly, which I quote:

> The thing that numbs the heart is this:
> That men cannot devise
> Some scheme of life to banish fear
> That lurks in most men's eyes.

People with numbed hearts, with a fear of unemployment so great that it lurks in their eyes, cannot develop themselves fully and cannot make the contribution which they would and should make to the development of the human race. In the light of all this it can never be trite to observe once more that unemployment is our greatest national problem.

So far our critics and ourselves are in agreement. But one might infer, in listening to the hon. member to whom I have referred, with his spirit of criticism, that we, in this corner and on the other side of the house, are not sensible of the transcendent nature of this problem. It is worth while to recall again that since this government took hold there has been, chiefly as a result of the scientific manner in which the problem has been handled, a steady improvement. And, per contra, when the government of the chief of the hon. member to whom I have referred were in office, in consequence of having promised to cure unemployment absolutely and forever so that it would be completely forgotten, by reason of the hit and miss manner in which the problem was then handled it grew steadily worse.

The hon. member mentioned the farm placement scheme. The minister had said that as a result of the operation of that scheme large numbers had been taken off relief; I have not the figures before me, but the hon. member for Greenwood himself mentioned the figure of 50,000. He then sought to detract from the work and the contribution of this government by saying that this was not a scheme of the present government at all, that in fact his own party was the progenitor of the scheme. It will not be amiss to remind the hon. member that it is not enough to have a plan; what is really important is the manner in which the plan is executed. It is not enough to be a progenitor. Most people I think will agree that Doctor Dafoe has been of more value in the development of the healthy lives of the Dionne quintuplets than the progenitor. Dionne may not say so, an hon. member on my left remarks, but looking at it impartially I think we give more credit to Doctor Dafoe than to Mr. Dionne. The fact is that the plan I refer to is not really the plan of the former government either. That plan emanated from Manitoba and a great deal of pressure had to be put on the then government before they could be got to adopt it. The hon. member for Portage la Prairie (Mr. Leader), who sits in this house probably more than any other single person, is responsible for the adoption of that plan. He popularized the idea and "sold" it to a large extent to the Manitoba government; the Manitoba government in turn brought pressure to bear on the then federal government, and that is how that plan came to be instituted.

Great emphasis is placed upon this problem in its relation to youth. It is said that unemployment among youth is perhaps the most serious aspect of this problem. With that I am in entire agreement. Undoubtedly there are thousands of young men rapidly reaching man's estate who have never experienced the blessing and discipline of labour. Every person needs the discipline of work, and he who has not been trained under that discipline, and the thinking which practically always in some degree accompanies useful toil is handicapped in meeting the emergencies of life. It is worth while to remind ourselves that a very great and important part of the problem of unemployment among returned men is due to a youth-period engaged otherwise than in preparation for useful toil. Idleness is even worse in this respect than the war. The soldier did have some discipline, although perhaps not the best kind to fit him for commercial and industrial life. But idleness is a negation of all discipline. It encourages attack upon every idea which is a bulwark of civilization.

It may be worth while to remind the committee at this time of the blessing Canada enjoys in the character of her youth, and the difference between them and the youth of many other countries. In many countries youth is practically delivered over to designing people who have made of them in some cases tools of oppression, and also directed them into mass action of one kind and another provocative of strife. They have been Hitlerized here, nazified there; in another place made fascist; and in one country they have been made the spearhead of an anti-God ideology. Contrast that with our own youth in this country. Everywhere we have our young people banded together in councils and societies, spending their time and boundless energy, turning their fresh minds and buoyant spirits not towards the mere accomplishment of any selfish aims but in an endeavour to make contributions to the national life of this country, to do something of lasting benefit to all. The contrast between Canadian youth and the youth of some of the other countries to which I have referred is very

great indeed. For instance, our youth are appearing at almost every sitting of the Rowell commission, in each case presenting to that commission some contribution that is worth while and beneficial to Canada as a whole. Likewise they are appearing before other public bodies presenting their views and in general influencing public opinion all over this country towards an appreciation of those things which in this nation are for the general good of all. In no case have we any such youth associations in this country engaged in the furtherance of anything that is harmful to the national life.

Personally I rejoice that the government which I support has seen the need of doing something towards the training and reclamation of youth, and I rejoice that now much more is to be done. It does not matter how much the government spends—

The CHAIRMAN: Order. I may tell members of the committee that the Hansard reporters are having difficulty in hearing what is being said, largely due to the noise in the chamber. I would ask hon. members to keep order.

Mr. MAYBANK: I am sorry to interrupt some of the conversations that are going on. To continue, it does not make any difference how much money the government may spend on youth training and reclamation schemes; it is quite probable that I will not be satisfied, that I will think more should be spent. Frankly I know that I am greedy in respect to this matter; that my wants are insatiable.

But while we are considering this problem, thinking what ought to be done and endeavouring in this way to indicate what I think should be done, I am bound to contrast my ideas with those expressed in the speech of the hon. member for Greenwood yesterday, and to recall the high point of imagination set by the party which he now supports in their handling of the youth problem at that time. Then the high-water mark of imagination in dealing with this problem was to herd youth of all kinds, all types, all trainings and all ages into camps. Work? No; they did not even put them to work. They went into camps, miscalled labour camps, and they were completely without the beneficial discipline of labour. Had that system persisted it would have been the greatest crime ever perpetrated against youth in this country and the greatest crime that could have been perpetrated against the youth of any country, the most reprehensible policy any government ever put in force. The efficiency of those camps has been stated at times to have been in the neighbourhood of twenty-five to thirty per cent, but I visited many of those camps and I can say that it was much less than that. The youth of that day, under the aegis of the governmental scheme, neither played nor worked. There was a premium on idleness and sloth and all the rest of the things that result from that sort of treatment. Yet to hear the hon. member yesterday one would think he wanted us to go back to what according to him were the halcyon days of 1932, 1933 and 1934, when the unemployed youth prepared to march on Ottawa; when lives were lost in riots, and when something like $53,000 was spent in a commission of investigation, after it was all over. Sometimes there is criticism of the appointment of commissions. Well, I can say this, sir. It is a great deal better to appoint a commission to investigate a problem in advance, with a view to endeavouring to treat a problem in a scientific manner, than it is to wait until some harm results and then appoint a commission to investigate the difficulty that has arisen through your own acts.

In conclusion I should like to stress once more certain statements I have already made in this house. In my opinion the government should take over the unemployment problem in the main as its own burden, and relieve the cities and municipalities. The condition of my own city, and many more, indeed constitutes a national emergency. If a government contributes at all to the cost of unemployment relief it is because the matter is viewed as a national emergency. Now we have always admitted that unemployment is a national emergency, yet handling the problem in such a way that a municipality which gets its money only by direct taxation, and chiefly by direct taxation upon homes, must pay as high as fifty per cent of the total cost, is not a handling of the problem in a way that can be called national. I would say, take over the unemployment problem at any rate as far as the employables are concerned, leaving the unemployables if you will. The load in respect to them will be heavy enough, because it has increased greatly in these last few years. Thousands have been rendered unemployable by reason of the very long unemployment period they have gone through. The present condition is chilling to all enterprise. The brink of insolvency for the municipality is so close; the tax load, and the threat of an additional load, is so great that as a matter of fact people are beginning to fear the ownership of property. Hence

there cannot be the building and improvements in the cities which otherwise probably would be the case.

This prompts me to say that in my opinion it would be highly desirable to spend money on all feasible schemes of rehabilitation in order to restore people to the work rolls. Aside from the purely human aspect of that matter it would be good business financially. A person who is allowed to slip from the class of employables into the class of unemployables becomes for many years, perhaps for the rest of his life, a threat to balanced budgets, to the extent of $500 or $1,000 per year. He may not be a threat to the balancing of the budget of the dominion government, but he is bound to be a threat to the balancing of budgets somewhere. After all, the problem is that of the people of Canada as a whole, not merely a problem of the people in relation to the jurisdiction of this dominion government.

I welcome everything that can be done with reference to the development of the trans-Canada route and the aids to the tourist business. I believe a very great deal of employment can be created by such plans. I also think it would be good business to deal with the railway question with a view to endeavouring to prevent unemployment there, and preventing further threats of lay-offs. If the general recommendations of the report are implemented I believe we may look forward hopefully, possibly not to a cure, but to a very considerable alleviation of the problem. We can then depend upon a long-term policy, the success of which, of course, would to some extent depend upon crops, of which we are always living in hope. Indeed it would seem as if the Lord has decided not to look sideways any longer upon that part of the country from which I come, and that the people west of Winnipeg, out in the great wheat empire of Saskatchewan, may probably next year be making their usual immense contribution to the economy of the country.

Mr. F. E. LENNARD (Wentworth): Mr. Chairman, I feel very sympathetic indeed towards the people in the areas of the west where great drought has been experienced. I realize, too, that we in the east may not fully appreciate the hardships which they have had to face and which they are experiencing possibly to a greater degree to-day. But I must add that I also appreciate the deplorable conditions existing in some parts of eastern Canada, especially in Ontario.

The minister stated that great numbers of people in the stricken areas had been moved to other parts of the country. Where did they go? I can tell you where some of them are; they are in Ontario. I know of some such families who have had to be cared for by the people of Hamilton within the past few months. One case in particular comes to my mind. A man and his family, with farm stock, were moved to Wentworth county. He did not like the property on which he was placed, and as a result was moved to another. After being on the second farm only a short time he sold the stock and used the money from the sale as the first payment on a house and property in the city of Hamilton. He has had to be kept by the city ever since; and Hamilton can get no relief from Saskatchewan for these people. Many similar cases are being dealt with in Hamilton.

I have before me a file containing information with respect to several unfortunate cases, but upon this occasion I do not propose to put the details on record. But the problem is a serious one so far as Hamilton is concerned; and the same condition exists in other cities of Ontario. Yet when eastern cities apply to the federal authorities for consideration in connection with increased relief costs, they are turned down flat.

In 1935 we were told to vote for King and get action. As other hon. members have indicated, we have had nothing but most decided inaction. All the government has done has been to tear down and destroy the social reforms of the last administration.

What did the Liberal campaigners tell us in 1935? They said that with all provincial governments except one being Liberal, the return of a Liberal government to Ottawa would bring about a condition of unity and cooperation and make of Canada a veritable political paradise. What has been the result? There is more disunity and inter-provincial ill-feeling in Canada to-day than there has been at any other time since confederation.

Unemployment insurance should have been adopted immediately, because the sooner it becomes effective and the sooner we pass through the initial stages of operation, the better. Great Britain adopted a scheme several years ago; where is she to-day? There could not be a major depression in Great Britain, because with her reserves of unemployment insurance the working man is assured of being able to meet his necessary obligations, and the internal trade of the country must at all times remain fully active.

Grants in aid are indeed necessary in some parts of the west, because we know that the people out there do need relief. But the working man in industrial centres finds himself in the position of losing his home, through lack of work, and is not receiving any grant

in aid. Nor does he receive any assistance through home owners' creditor arrangements, to help him reclaim his home. If he finds himself out of work he must go on relief and accept the bare necessities of life. He may lose his home and be thrown out on the street.

During the course of his speech the Minister of Labour (Mr. Rogers) stated that there was not enough of a falling off in employment to justify a change of policy; then at a later point he urged that we avoid excessive pessimism. How can one help being pessimistic when he realizes that in the city of Hamilton alone there are 600 more heads of families on relief now than there were two months ago? The minister stated he had made a thorough study of conditions. What has this government done in addition to making studies? We have had commissions, commissions, commissions—and now we are waiting for the report of another commission, which we may receive late in the year.

The minister said that the tourist trade might afford a way out of unemployment. With all the resources of a country of 11,000,000 people, is it possible that we must turn parasitic in order to exist as a nation? Are we to be another Bermuda, offering lilies, onions and trinkets? He stated further that the provinces seemed reluctant to cooperate. I would say that the reverse is the truth, and that the federal government has been the reluctant body. In a speech last fall in support of a candidate in the vicinity of Kingston the minister said, in effect, that while Mr. Hepburn disagreed with him on some matters, he hoped Mr. Hepburn would be returned to power so that there would be that unity between Ottawa and Toronto which was so essential. I believe the minister is not in a proper state of mind to cooperate with Ontario in relief problems. He may be at variance with the premier of that province, but that should not prevent him from cooperating to the fullest extent. When the mayors met in Ottawa some three weeks ago and endeavoured to place the facts before the minister, apparently they obtained no results. Mr. Hepburn is reported to have said that the relief problem as put forward by the Minister of Labour some few days ago was to him "a headline and a headache," and he is also reported to have used these words: "I must confess I am not in the confidence of the government at Ottawa."

That is a condition which should not exist. Men in public office, in the more important departments of government, should not permit such a condition to exist. They should get down to business and make an effort to cooperate, because the poor people throughout the country are suffering while they quibble.

In conclusion, Mr. Chairman, I would urge that the Minister of Labour turn his attention more to the urgent needs of the great cities and towns of Ontario and the east generally; and finally I would remind him that Nero fiddled while Rome burned.

Hon. H. H. STEVENS (Kootenay East): Mr. Chairman, the resolution before the committee finds its origin in action taken in this parliament two years ago in the passing of an act intituled "An act respecting the establishment of a national employment commission." It will be recalled that on that occasion there was a definite discussion of the unemployment and distress problems of Canada, and many definite expressions of opinion were given. I recall very well, and perhaps the committee will do me the honour of recalling it also, that on that occasion I warned the government that the appointment of a commission as proposed in the then bill was not a solution of the problem of unemployment or of the problems of economic distress peculiar to the country at that time. I further stated that the employment commission could not possibly report within less than eighteen months. I was too optimistic, Mr. Chairman, because it has taken two years for the commission to make its final report.

I also warned the government at that time that in all probability, when the report was made, it would not show much progress towards a practical solution of the problems with which we were confronted. I do not wish to detract in any way from the splendid public service that has been given by those who constituted the commission, from its chairman down, but I must say, after reading the report very carefully over the week-end, that it appeals to me in this way, that the commission actually should have commenced where they ended. That is, the report really shows that we have spent two years educating this commission to an understanding of the problem. I will not deny that there are evidences in this report that the members of the commission now understand the problem of unemployment in Canada—that is, understand the extent of it, its nature and the way it works. But I can find nothing in the report, nothing of any importance, that discloses an understanding of the causes of unemployment.

But unemployment, as we have it, is an effect, and not a cause. It is the result of certain forces operating in our economic structure. The duty of the commission was to

take the facts, which we knew then quite as well as we know them to-day; to study with the assistance of their experts the causes that lay behind, and then come to the government with their conclusions so that the government could present to parliament some definite proposals for remedying these problems.

I am not in the confidence of the government and I do not know what it is intended to bring before parliament as a result of this resolution. But I have some experience in parliamentary procedure and I draw from the resolution certain inferences which I imagine are fairly accurate. For instance, the resolution has one word in it which discloses completely the comprehension of the government of this problem, and that word is "alleviation." In other words, Mr. Chairman, the whole policy of the government as disclosed in this resolution is to be for the alleviation of unemployment and agricultural distress. From a humane point of view that is highly commendable, but from the standpoint of a two years' effort to understand the problem, and with tens of thousands of dollars spent upon the commission, it is not very encouraging to those who are the victims of these undisclosed causes. Surely after two years—after nearly ten years, as a matter of fact; for the unemployment problem started in 1928—surely after eight or ten years we do not need to be told by the commission in a report of some scores of pages a number of things such as it sets out—that registration was desirable, for instance. Of course it was, and we all knew that when they started. We all appreciated that registration and the classification of the unemployed into employables and unemployables, and so forth, was desirable. Every member knew it, and it is more or less an insult to every member of this house to suggest, after two years, that we need to be told that you must divide the unemployed into different classes. We knew it then—all of us knew it.

Mr. ROGERS: May I just interject that the duty of registration was conferred upon the national employment commission when appointed, and that registration has taken place. The recommendation is that the registration shall be continued.

Mr. STEVENS: Yes. Now I turn to the act, and, by the way, a day or so ago—I have been waiting here patiently for several days for an opportunity to discuss this matter—the minister said that the commission was not clothed with administrative powers. Here is what the act says. I read the preamble which indicates what the intention of its promoters was in relation to the commission. The preamble is a guide to the interpretation of the clauses of the act. My hon. friend from Essex East (Mr. Martin) shakes his head, but I am bound to say the preamble is an indication and a guide to the interpretation of the clauses of the act. The preamble reads:

> Whereas unemployment has been for several years Canada's most urgent national problem—

Then it goes on to say that something shall be done:

> —to find ways and means of providing remunerative employment, thus reducing the numbers at present on relief . . . and whereas, to achieve a nationwide cooperative effort in reducing the numbers on relief and in providing employment—

Not to discover that it is advisable to have cooperation, but to achieve a nation-wide cooperative effort, and:

> —such nation-wide cooperative effort can best be effected through the appointment of a representative national commission, with power to cooperate with the provinces, municipalities and other agencies in respect of unemployment relief, and in an endeavour to provide work for the unemployed.

In an endeavour to provide work for the unemployed—that is in the preamble.

Now I turn to the powers of the commission. I shall not read the sections because the minister read them himself and others have referred to them. A number of powers are outlined, and then in section 7 we have this additional power which the minister said the other day the commission did not have.

Section 7 reads:

> The commission shall, under the direction of the minister supervise the expenditure of funds voted by parliament for purposes of relief and providing employment, and perform such administrative duties with respect to relief and employment as may be assigned to it from time to time by the governor in council.

So if the commission did not exercise any administrative powers, it is because the governor in council did not assign any such duties to them.

Mr. ROGERS: That is correct.

Mr. STEVENS: Then the government must take full responsibility for dereliction in this regard. But that is not all:

> The governor in council, on the recommendation of the minister, may make, amend or repeal such orders and regulations and prescribe such forms as may be deemed expedient for carrying into effect the objects of this act or for ensuring the due administration thereof by the commission. . . .

There was I am sure, no doubt in the minds of hon. members or of the great majority

of the people that by the appointment of this commission two years ago we were to have an administrative effort by the government and the commission, working with the provinces and the municipalities, to solve these problems, and to deal with the causes of unemployment as well as the alleviation of unemployment and agricultural distress. It is not good enough to come to this chamber after two years have gone by and say, "Well, we have had some expansion of external trade". I will give the minister credit for consistency at least in this respect, that two years ago, and again to-day, he tied himself to external trade as the solution of our internal economic problems. What I tried to point out two years ago, and what I wish to emphasize now, is that while external trade is highly desirable, it is not a solution of the internal economic problems of this or any other democratic country. What good is it to say to the more than fifty thousand railway workers who have been thrown out of their occupations in the last few years, "Well, with external trade growing there is some hope of your being reemployed." In only partial degree is their unemployment due to the falling off of trade; because during the years that have just passed, and accelerated no doubt by the orders for larger units of motive power in the shops of the locomotive construction companies, the unemployment of these men has been largely due to changes in methods of transportation, and an increase in the number of automobiles. But the only solution suggested to them is that they may benefit by an expansion of external trade.

Mr. GOLDING: What did the hon. member say to them for five years when he was in office? What hope did he give them?

Mr. STEVENS: If the government and the people of this country had paid attention to what I said, they would probably have been further ahead than they are to-day, but they did not pay attention. I am going to say to-day what I said before the last election, and what I said when I sat on the treasury benches and after I left them.

Mr. GOLDING: Say it now.

Mr. STEVENS: I am going to say it now, if my hon. friend will let me. The cause of the unemployment of fifty, sixty or seventy thousand railway men is not a falling off in external trade; it is a change in economic conditions, which has been wholly ignored in connection with this matter.

Mr. ROGERS: Will my hon. friend deny that the increase in employment on the railways in the last two years has been due very largely to improvements in external trade?

Mr. STEVENS: There has been some improvement in employment.

Mr. ROGERS: And for that particular reason.

Mr. STEVENS: Because the parliament of Canada voted some millions of dollars, half to the Canadian Pacific Railway and half to the Canadian National Railways, to employ some thousands of men on maintenance of way work. At the time I said that I was very heartily in favour of it, but that is in the realm of alleviation—probably about a six million dollar alleviation, and not a solution.

The minister referred to the position of our youth; and in the whole gamut of his speech and through the pages of this report it is the one rather interesting and attractive feature. But let us see what it really amounts to. It shall not be said through any oversight on my part that I am belittling assistance to youth. I am all for it; I have been for some years and have spoken constantly in favour of it, and I commend the minister and the commission for what they have done, as far as they went. But it is no more than just a step or two in a direction in which they should have been forging ahead instead of lingering on the threshold as they are doing. I asked the minister when he was speaking to give us some information in the shape of figures with respect to the youth training plan, and he mentioned a total of 28,000 odd. That is rather imposing, but let us examine the figures a little more closely. Subsequently he gave further figures which indicate that in forestry and mining 2,102 youths have been put to work, and he added another figure which sounded attractive, namely 151,357 working days. What does that really amount to? Just fifty-two days each, in all that period of many months that this scheme has been in operation.

Mr. ROGERS: This, of course, in most provinces began only in the autumn of last year.

Mr. STEVENS: Of that 2,000, three-fourths were in forestry. The minister spoke of that as an achievement. The employment of those youths in forestry was the result of one of the most disgraceful things that have happened in this country, hundreds, thousands of young men crowded into the city of Vancouver, penniless and destitute, without food or shelter. They stood on the street corners

with tin cans, trying to collect money; they were arrested by the hundreds and sent to gaol for thirty, sixty, ninety days. There was such an outcry in the province by public-spirited people, by the churches, boards of trade and other institutions, that these camps, about which we hear so much, to the closing of which hon. members referred a little while ago, were—some of them—reopened. Day after day, as I sat in my office in Vancouver during the cold, rainy days of late October, November and December, I saw hundreds of men standing around the street from eight o'clock in the morning until four o'clock in the afternoon; half and even two-thirds of them could not get to the registry gates and had to come back the next day and stand around for hours again.

An hon. MEMBER: Where are they now?

Mr. STEVENS: Some of them went to the camps. Those camps were reopened not because of the foresight and goodwill of the government or the commission, but under duress, because of the indignation of public-spirited citizens of Vancouver who felt that these young men were entitled at least to some chance of earning their own living. I walked among these men and questioned them. Possibly a few of them were reckless characters, but I know this, after questioning dozens of them, that I found but one desire, the desire for a job. The first thing I did was to shake hands with them and feel their hands to see whether they were chaps who were willing to work; for you can tell when you shake hands with a man whether he is one who will work or will not work. I would say that ninety per cent of them ask for no more than an opportunity to work. Hon. members may smile, but I say to the minister that he cannot take credit for having opened forestry camps. The province of British Columbia opened the camps; they were supported with assistance from the minister only after public opinion was so much aroused and expressed with so much indignation that something had to be done.

Mr. ROGERS: Of what time is my hon. friend speaking with reference to these occurrences in Vancouver?

Mr. STEVENS: I am speaking from memory, but I would say between the end of October and Christmas, or just before Christmas.

Mr. ROGERS: May I tell my hon. friend, then, that following the recommendation of the national employment commission letters were sent to all the provinces in September of 1936 asking the provinces to propose projects for the absorption of these unemployed single men, and plans were worked out in British Columbia accordingly.

Mr. STEVENS: All I have to say is that nothing was done until after the incidents occurred that I speak of.

Mr. ROGERS: Oh yes, it was.

Mr. STEVENS: I venture to differ with the minister, and I still say that nothing was done, as far as British Columbia was concerned, until after these incidents occurred.

Mr. ROGERS: I was in Vancouver shortly after some of these troubles occurred, and the hon. member for Vancouver will remember that plans had been made with the provincial government for establishing these camps, but the question was, who should be admitted to the camps. There were certain transients who were excluded and afterwards admitted.

Mr. STEVENS: I remember that very well. I may be out in my dates, but I say that it was not until after these men were incarcerated. It was not until after there was public indignation at hundreds of these young men being sent to prison.

Mr. ROGERS: My answer is that arrangements for these camps were made before these occurrences.

Mr. STEVENS: And my answer is that nothing was done until after these men were sent to prison. I do not wish to be delayed with undue argument over this point. What I am pointing out is that that is the choicest statement the minister had to make in his speech regarding youth, and that is the explanation of that one. Then when we ask him how many were taken off relief—

Mr. ROGERS: May I correct my hon. friend? He is reckless. These camps of which he speaks are not included in the youth training program at all.

Mr. STEVENS: They are included in the minister's statement.

Mr. ROGERS: That is true, but these other camps of which he is speaking are forestry camps for single, unemployed men. They are not included in the other.

Mr. STEVENS: They are included in the minister's statement.

Mr. ROGERS: They are an alternative to the farm employment plan during the winter months.

Mr. STEVENS: I am simply taking the minister's own statement at page 1996 of Hansard. His words speak for themselves.

I am telling him of the agitation that occurred before these young men were sent to the camps.

The minister laid great emphasis on unity, and I notice that the extent of the unity which had been achieved was apparently this. He spoke with great feeling of the difficulties of getting the dominion and the provinces together, and he emphasized the point that it was necessary to bring the provinces in one by one—these were his own words. He said that it was quite a task to bring in the representatives of the nine provinces to achieve the adoption of an agreement. I would take the minister's mind and the minds of his colleagues back to the days before the last election when the Prime Minister told the country that there was one hope for Canada and that was that, there being eight provinces with Liberal governments, if the people would put in a Liberal government they would have liberalism marching down the corridors of democracy to a revival of good times. Well, the government has been in power over two and a half years. I remember telling some of the new members in the first speech I made in this parliament, two years ago last January, that the Liberal party had the most wonderful opportunity to lead Canada out of its distress—a marvellous opportunity. But I did warn them of this: I said that there were certain things peculiar to the politics of Canada, among them being that insidious thing called patronage, which I feared greatly would obtrude its head from time to time and prevent the Liberal party from achieving its great destiny. How have my hon friends taken advantage of their opportunities?

I have before me statements made by Premier Hepburn a few days ago, and they are similar to many statements that have been made. I do not agree with him in all his policies, but I will say this about him. He is a young man, a Liberal; he is vigorous in the administration of his government; he may be doing things that some of us do not like, but he is a strong leader of a strong Liberal government in the biggest province in Canada. And there is no unity between the minister and that province—no unity. Who is responsible for that lack of unity? I do not know. It is not my duty to say, but I will say that there is a lack of unity between the Liberal government at Ottawa and the Liberal government in Ontario.

Then I turn to the great province of Quebec. The government in office there is not a Liberal government, it is true; but I ask the minister: Why the other day, as was indicated in a speech by the premier of Quebec, would he refuse to meet the mayor or representatives from the city of Montreal in regard to a great practical scheme to deal with unemployment?

Mr. ROGERS: Does my hon. friend wish the answer?

Mr. STEVENS: I should like to have the answer.

Mr. ROGERS: The answer was communicated to the mayor of Montreal and appeared in the press at that time. In matters of relief the dominion government has always had to deal in an administrative way with the provinces, and we have taken that position with respect to the city of Winnipeg, and with respect also to the cities and municipalities of Ontario, who were here in Ottawa a short time ago; and I simply advised the mayor of Montreal that we should be very pleased to meet that delegation if it would come at the request of the minister of labour of the province of Quebec, and if the minister of labour of Quebec would accompany the delegation here.

Mr. STEVENS: I expected the minister to make an answer of that kind. I find here, in his own measure introduced two years ago, the dominating measure indicating the government's policy with respect to unemployment in Canada, one purpose was to:

> recommend to the minister measures with respect to programs of public works and projects of the dominion, the provinces, the municipalities and other agencies. . . .

Mr. ROGERS: Through the provinces, certainly.

Mr. STEVENS: It does not say through the provinces at all. But I accept the minister's position; he can keep that position, and I say that is one of the tragedies of the situation. This report says that the government of Canada, the parliament of Canada should take full responsibility for relief. The minority report says no.

Mr. ROGERS: The majority report does not say that, as a matter of fact.

Mr. STEVENS: Yes, it does.

Mr. ROGERS: No, it does not. What it says is this, that if and when unemployment insurance is established, and a national employment service set up across the country, then there should be a national system of unemployment aid. If my hon. friend knows as much about the relief situation as he purports to do, he must know that at the present time relief covers the unemployed and the unemployable. There is no suggestion in

the report from beginning to end that the dominion government should take over relief one hundred per cent at the present time.

Mr. STEVENS: I did not say relief.

Mr. ROGERS: The hon. member did say relief.

Mr. STEVENS: I said that the recommendation of the commission was that the dominion government should take over responsibility for unemployment, and it is true that they did reserve to the municipalities that portion of relief which existed before the depression, such as sickness, indigency and so on. No one considers that as part of this program at all. It is like the poor of whom the good book speaks; there are a certain number of poor unfortunate people whom we have always with us.

The report certainly recommends that this parliament should take control of industrial unemployment. The minister, in the face of that recommendation, fixes himself firmly in this position, that he will do nothing with a municipality, no matter how important it may be, how large it may be, or how precise and definite may be its proposals, unless it comes to him through the provincial government. All right, let him take that position; one of the reasons why this whole problem hangs over Canada to-day is this quibbling about constitutional jurisdiction, this habit of "passing the buck," this quibbling about whether a particular officer of this particular government shall talk to another particular officer or not. Let us sweep aside these silly, incompetent administrative practices and face the issues frankly. If the city of Montreal is prepared to pay $3,000,000 and the province of Quebec is prepared to pay $3,000,000 towards a project, let this government definitely say yes or no to the project, and not quibble about these other matters.

But I disagree with the idea of the dominion government and the dominion parliament taking the responsibility, because in my opinion the whole question narrows itself down to one of economics and not to a dispute about constitutional authority. The economics are extremely simple. The municipalities are calmly told by the dominion, and sometimes by the province, that theirs is the responsibility. We, the dominion parliament and government, say: We shall be glad to render a certain amount of aid in the form of charitable contributions, but we insist that the responsibility is yours. At the same time we deny the municipalities and the provinces an opportunity to get sufficient revenue to discharge these obligations. There is not a city in Canada to-day that is not bankrupt or going bankrupt.

Mr. HOWARD: Go easy; that is not true as to Sherbrooke.

Mr. STEVENS: Well, I will say this for the benefit of my hon. friend, that as far as I know there is scarcely a city in Canada except Sherbrooke that is not either bankrupt or on the verge of bankruptcy. Why? Because of the intolerable burden of relief. Municipal taxes are raised to the point where building cannot go on, where real estate is dead, where the whole machinery of construction and building and housing is blocked because of the unholy height of municipal taxes. Yet we stand here, not only offering no assistance, but calmly telling the municipalities that theirs is the responsibility; that they must discharge that duty, and at the same time we deny them a chance to get a fair amount of revenue to carry out that responsibility.

The suggestion of the employment commission that certain phases of their duties cannot be discharged because the government has appointed another commission on the constitutional question is an insult to the intelligence of parliament. Does it mean that we shall quibble along about constitutional difficulties for another year or two, or until after the next general election, before the Rowell commission reports, when all the time it is not a constitutional difficulty at all but a question of economics? It is a question of taxation and of revenue. What we should have done, instead of appointing this commission, was to use the officers that we have in the employ of the government, men like Doctor Coats, Mr. Sim, Mr. Fraser Elliott, the head of the income tax branch, Mr. Sellar—I could name a dozen outstanding experts.

Mr. BLAIR: They are Tories.

Mr. STEVENS: No; they are not—well, I have no knowledge whatever of the politics of any of these men.

Some hon. MEMBERS: Oh, oh.

Mr. STEVENS: They are not Tories.

Mr. MacNICOL: There will be a lot more Tories in the next parliament.

Mr. STEVENS: That interjection was unworthy of the hon. member. These are outstanding civil servants. What I was about to say is that these men—and I could name

others—are men unexcelled in the United States or any other country for their ability to find the solution of Canadian problems.

Mr. FACTOR: Why did the hon. member not do it?

Mr. STEVENS: I did as far as I was able. Let me give my hon. friend an experience I had which warrants me in making that statement. There was brought before me as Minister of Trade and Commerce a question regarding a conflict between the accountancy systems of the provinces and the dominion in computing the tax for income and other purposes. So I asked Doctor Coats to call in the deputy ministers of the treasury departments of the provinces. We brought them here. I presided at the first meeting. I said, "Now gentlemen, this is a technical question in accountancy;" and I presented the problem to them. I left them to deal with it; they worked it out in about a week, and from that day to this there has been complete harmony in that extremely technical realm between the provinces and the dominion.

Mr. ROGERS: That was done under Doctor Coats.

Mr. STEVENS: Certainly, at my instance. I presided over the first meeting.

Mr. ROGERS: And I think it was a very good thing.

Mr. STEVENS: And exactly the same thing could be done now. When I suggest that these outstanding civil servants should be used, I do so because I have confidence in the civil service of Canada. There are dozens of men, men recognized in other countries as outstanding, who could be used. Let me cite one instance to support what I am saying. Our dominion statistician, Doctor Coats, is recognized in the United States and in every country in Europe as one of the outstanding statisticians in the world. We ought to be proud of him. There are other civil servants who in their spheres are equally competent. These are the men who should be charged with these tasks. Let them call in actuaries, accountants, provincial treasurers, tax experts from the large cities, and go into conference on these technical economic questions of revenue, taxation and the burden of relief upon the provinces and the municipalities, and there would be no more worry about the British North America Act or this passing of responsibility from one body to the other. The problem would be solved on a basis of mathematics and economics. This suggestion is, I think, worthy of consideration, and I ask the minister to reconsider his determined view that this is a responsibility solely of the municipalities. It is that thought perpetually advanced which is causing trouble throughout Canada to-day. Unless the municipalities are assisted in getting revenue from other sources than their present limited ones, so that they can lower their taxation on real estate, we shall never get very far with any housing scheme.

Mr. ST-PERE: That is the problem.

Mr. STEVENS: I have in mind the statement of the mayor of Calgary, that the dominion government should take over the entire cost of relief. It is a cry of desperation. He indicated that the city no longer intended to be financially responsible for a situation which was not of its making and which it was impossible for it to correct. We heard from Winnipeg a day or two ago, what it had to do; that it had spent some $10,000,000 in the last two years, and that it had to use its reserves and sinking fund. We know the state of Vancouver—

Mr. MacNICOL: And the same in Toronto.

Mr. STEVENS: And many other cities. We heard from Hamilton this afternoon, an industrial centre, where there has been peculiarly severe stress of unemployment. Take Moose Jaw, which unfortunately defaulted on some bonds when I was in London last year. That was a severe blow to dominion prestige and dominion credit. And need I do more than refer to the fate of the dominion government issue in London a matter of only two months ago, in order to indicate the extent of these conditions? What happened to that loan? It was very singular. The Dominion of Canada went on the London market for £10,000,000. That loan ought to have been snapped up very quickly, but what happened? It hung fire for a week or ten days, and then the underwriters took half of it. The same day that issue was put on the market, the city of Bristol—just a city—went on the London market for £3,000,000. They opened their books at nine o'clock in the morning; at 9.05 a.m. the books were closed with applications for £68,000,000. Why? There are a number of reasons, but one of them was the default of Moose Jaw, together with other difficulties.

I am going to say quite frankly that unless some step is taken—and the leadership must come from here—there will be a serious time ahead for the cities and municipalities of this country. The minister speaks of housing. Well, they painted a few verandahs; they repaired the old stoop at the back-door; they put in a few fence posts

and probably there was a new wire fence built here and there. They put in a new bathtub and a few things like that, to the extent of about $15,000,000 for the whole of Canada in a period of a year and a half or two years. Does the minister or anyone else suggest that this is something we should be proud of as an achievement in the face of the fact, that there is not a major city—Montreal, Toronto, Winnipeg, Vancouver, Halifax, Saint John, Calgary, Edmonton—that is not a disgrace to this country so far as housing conditions in a large part of the down-town districts and the older sections are concerned. I will say something further. If you go to the cities of the older countries of Europe, or of Great Britain, or South America, there is scarcely any city similar in size that does not put us to shame in regard to construction and housing. Some three years ago I said in Toronto and Montreal that within a hundred blocks surrounding the city halls of those cities there were thousands and tens of thousands of buildings that were menaces to health and fire hazards. The minister laughs.

Mr. MARTIN: I just want to point out to the hon. gentleman that the Canadian report of cities which was issued last year states just the opposite.

Mr. STEVENS: All right. All I have to say is this: I know every city in Canada personally; I have looked at them all, and I am expressing my own opinion when I say that our cities to-day, in their down-town sections, are in the main hazards to health as well as being hazards from the standpoint of fire, and ought to be rebuilt. Further, it will take us thirty years to build up our cities and towns to a reasonably decent level of construction. But the minister says that the municipalities are responsible for relief, and that he will deal with them only through the provinces. The minister and his colleagues will have to face this question sooner or later. They have failed to face it in the last two years; they have failed utterly to face it through this commission, because this report does not contain anything in that connection except some pious observations that we ought to have a housing scheme; that we ought to have unemployment insurance, and that we ought to encourage the tourists. Is there anything new about that? What about the tourist branch?

Mr. ROGERS: My hon. friend was in office here for five years. Did he advocate all these things at that time?

Mr. STEVENS: He did; but I would also suggest to the minister that I left office.

Mr. ROGERS: I am aware of that.

Mr. STEVENS: Certainly I advocated them.

Mr. ROGERS: In this house?

Mr. STEVENS: In this house and out of it. Since 1931 I have consistently taken a strong stand on this question of housing throughout Canada. I am speaking alone in this house; but I would remind the minister that while that is so, and while I can be very easily brushed aside as far as the house is concerned, I represent 384,000 votes. I am not ashamed of those votes. I am not ashamed of my record, nor am I ashamed of the policies I advocate. I am not ashamed of the policies for which I gave up office. What the minister says is no answer. He can, if he so desires, lay on me, as the last part of his speech indicated he was quite capable of doing, all sorts of political opprobrium, but that will not alter his responsibility one iota. He is the minister. He came to the house with this proposal two years ago, and at the time I warned him that we would hold him and his government responsible for results from this measure. That was two years ago; the results have been nil.

Let me complete what I was saying about housing. It will take us thirty years to catch up in that regard if we do not give the municipalities of this country relief from the burden of the cost of unemployment, either by taking over the whole responsibility or by giving them new sources of revenue, which we could do very simply and easily. Unless we do something of that kind, there can be no housing, because the municipalities cannot afford to do it and no one is going into a housing scheme with the taxes he has to pay to-day.

The minister referred to the tourist business. Of course the tourist business is good, but the minister just discovered it. He brings it to the house as a new discovery by this commission. They refer to the tourist business; it is one of their chief accomplishments. Why, Mr. Chairman, for some years we have had within the ambit of the government of Canada a department or a branch of a department dealing with the tourist business. We have been encouraging the tourist business through other departments. I noticed that the minister spoke about the Department of Mines and Resources, the Department of Agriculture and the Department of Trade and Commerce. At first I thought the Prime Minister (Mr. Mackenzie King) was delivering the address.

Usually it is left to the Prime Minister to deal with the affairs of all the departments, but the minister spoke of them quite freely. The Minister of Mines and Resources (Mr. Crerar) has been doing very good work. I have commended him for what he has done in the expansion of mining; but when the Minister of Labour quotes figures showing the increased production of gold as an evidence of what the employment commission did, it is pretty thin. It may be good politics. It may be good stuff as a sort of sedative for dissatisfied Liberal supporters throughout the country. It may be, but I doubt it. But for the minister to suggest to the house that the increase in the production of gold in this country is to be credited to him and to this commission is stretching things pretty far.

Mr. ROGERS: There is no suggestion of that at all. My hon. friend can look up the record.

Mr. STEVENS: Must I read everything the minister said?

Mr. ROGERS: That had no connection with the commission at all.

Mr. STEVENS: I have in my hand a copy of his three hour speech, and in it he gave the increase in gold production.

Mr. ROGERS: That had no reference to the employment commission at all. I was dealing with the expanding trade policies of the government.

Mr. STEVENS: Was that not referred to by the employment commission?

Mr. ROGERS: There was no connection between the national employment commission and gold production in my speech.

Mr. STEVENS: Was it not referred to by the employment commission?

Mr. ROGERS: Not in this connection at all.

Mr. STEVENS: I hold in my hand three pages of this report devoted exclusively to the export business. The minister went ahead and quoted the increases in exports. What were those increases? As I said two years ago in my speech on the budget, had there not been hanging over the world threats of war—a condition which unfortunately has not clarified in the last year or two—our exports would have been very much less than they are. An analysis of our exports shows that a very substantial portion of the increase is for that class of export which is involved in the production of armaments. Yet the minister quoted the improvement in exports, the tourist business and the extension of gold production as evidences of a solution of these problems.

The whole question is one of confidence and unity. The whole question is one of leadership by this parliament. I am not now for the moment placing the onus of responsibility in this respect on the government. This parliament—and, by the way, a parliament can express its leadership only through its government—ought to give leadership to industry, leadership to finance and leadership to the provinces in the approach to the solution of this problem.

The question of debt and taxation lies at the root of the whole trouble. This government has heaped opprobrium particularly on the government of Alberta. It has gone out of its way to paint the activities of the Alberta government in every known possible term. Why? Because the premier of Alberta is the exponent of some peculiar ideas in economics, with which, by the way, I do not agree. But he is the premier of Alberta. In this house there now sits a young man who only the other day was returned from the capital city of that province, indicating that the people of Alberta are feeling very keenly and very deeply. What is the root of all the trouble? The awful burden of debt.

Nevertheless there is not a word in this report about that, the root cause, almost the main cause, of dissatisfaction, and of social and political dislocation in Canada. When the farmers of Alberta who, if I remember correctly, number about 500,000, realize that they have to pay eight, nine or ten per cent interest on mortgages on farms; when they realize that they have to pay from ten per cent to thirty per cent interest on deferred payments on agricultural implements—and I can produce a list of two hundred from one district alone—and when they find, after borrowing the money and during ten and, in some instances, twenty years paying more than they borrowed—that at the end of the period they owe more than when they started, then they must ask, "What hope is there for us? Where are we going to get assistance?"

Mr. Aberhart has at least done this: He has shown that he is desirous of lifting the burden of debt. His methods and processes may be wrong. I do not agree with the social credit theory; but I do agree with this, that the root cause of the dissatisfaction is the unbearable burden of debt. It may be that in the older provinces that condition may not be realized as keenly as it is in the west.

I wish to make a statement here which I think would warrant careful consideration, and it is this: There is a good deal of talk

about the losses incurred by eastern financial institutions in western Canada. We hear a great deal about that. I venture this statement, and challenge its contradiction: In the last twenty-five years the farmers of the three western provinces have paid in interest rates in excess of six per cent more than double the total capital or interest lost in those three provinces by mortgage and loan companies. I repeat that, because it lies at the root of our trouble, when we talk about agricultural distress. True, the drought area is the first catastrophe, but it is not the sum total of agricultural distress out there. It is due to debt. I say that these farmers have paid in interest rates in excess of six per cent, which would be a moderate rate, more than double the total losses in principal and interest in the last twenty-five years. These men know that something is wrong, and they are asking for some relief. They are asking us to lift this burden of debt from their shoulders. Parliament may not be clothed with all the responsibility; but unless it gives leadership in the approach to the solution of this problem, there will be no cessation of dissatisfaction in connection with these matters.

So I say to the minister that this report, a major portion of which, by the way, is taken up in a discussion of export trade, and another portion in a discussion of the tourist business, lamentably fails, and the minister in his speech failed to indicate any worth while and practical methods of dealing with this great problem.

Before I take my seat, let me add one further word. I do not know what the minister is going to introduce, and it might be said to me, "You might have waited until the bill came down." But I am taking the proper, parliamentary procedure. This resolution, together with the minister's statement, is supposed to indicate the government's policy on this subject. If the minister has something up his sleeve, and if there is something to be disclosed later on which is much in advance of anything he has indicated or has disclosed in the resolution, then he is not dealing fairly with parliament. I am bound by what I can see and by what the minister has said. I take it for granted that he was honest and honourable, took the committee into his confidence and disclosed the government policy. That is the one and the only thing an honourable man could do. Taking that position, I say to him that I find, not no hope, but little hope for a solution of the problem. I question whether the minister himself is satisfied.

He came to this house a few years ago, a young man highly trained, a young man with an academic training, an economist of note, a man to whom the country looked as adding youth, virility and vision to the government. But as I listened to his speech the other day I realized that the first half of it was a laboured statement to justify the report, and the last half of it was a disquisition on the record of the government, dealing with every department of it, a speech which might have been delivered by the Prime Minister in connection with a budget, or on some other occasion of that kind. But it was not at all germane to this subject. He left us in a hopeless morass, so far as any solution of this stirring problem is concerned.

It is not good enough to say that we have supplied some means of training youth and to leave the underlying problems—and as an educated and cultured man, and a student of economy, he knows these problems exist—behind the dark screen. Either he did not have the courage or he was not allowed to disclose them. I think myself he would, had he been allowed, have brought them to the light of day. But he did not.

One point further, and it is this: It is rumoured that the government proposes to introduce a long list of public works, to be scattered throughout the various constituencies, as a contribution toward the solution of this problem. If that is done, all I can say is that it is an indication that an election is in the offing. That is no contribution toward the solution of the problem, and if it is contemplated I would plead with the government to abandon it. We shall see when it comes; we can only guess. But if it does come, I warn the minister it will be looked upon in that light. From what we are able to learn, there is little hope given to the unemployed; there is little hope given to the struggling manufacturer; there is little hope given to the distressed agriculturist.

Mr. MacNICOL: Nothing but abuse for the manufacturer.

Mr. STEVENS: I deplore very much indeed that this condition two years afterwards is the answer to the very bright speech which the minister made two years ago when he introduced the bill upon which this commission was founded.

Mr. HARRY LEADER (Portage la Prairie): Mr. Chairman, I have listened with a great deal of interest to the speech just made by the hon. member for Kootenay East (Mr. Stevens). It is needless for me to say that he was not looking at me when he said that this country was looking to parliament for leadership. I am a Leader by name only; yet I am proud of my name, and I am proud of my occupation as a farmer.

This debate on unemployment in Canada has been very interesting and instructive. I can think of nothing that affects more deeply the lives of the Canadian people than a solution of this great problem. I am thinking now of the eve of the general election in 1930, when the present leader of the opposition (Mr. Bennett), appealing to the people, at that time said that the greatest problem confronting the Canadian people was that of unemployment. "Give me power," he said, "and I will cure unemployment or perish in the attempt." And in the fortunes of political war he perished in the attempt.

Another government came into power, and after they had been in power for nearly three years we find a responsible minister saying that unemployment is the most vital question affecting the Canadian people. I am making these statements in order to indicate that we have not yet solved this great problem. It will take some years to solve it. It will take the united efforts of all the members of parliament to solve it, and I hope we get that concerted action.

I do not think the problem will be settled by the expansion of our tourist traffic, important as that is. I do not wish to minimize the value of that great trade, but I do not think it goes to the root of the trouble. Nor do I think that youth training is going to solve the problem of unemployment, very necessary as I believe that is, because, Mr. Chairman, what is the use of training young people for certain occupations if you cannot give them a job?

Mr. BLACKMORE: Hear, hear; now you are talking.

Mr. LEADER: I do not believe the setting up of employment agencies will solve unemployment, for the same reason that I gave a moment ago—what is the use of employment agencies if you cannot give the worker a job?

Perhaps my hon. friends sitting opposite do not believe that the expansion of our trade is of so much importance. I believe that it is of vital importance, and that the efforts of the present government have had the effect of developing and expanding our trade so much during the last two years that we have had more or less of a boom in comparison with conditions which obtained previously. I think the trade agreement which this government made with the United States was a wonderful achievement. The right hon. leader of the opposition said that he could have obtained the same trade agreement from the United States had he so desired. If that is so, then I believe the Conservative party were in error in not accepting it, and I want to commend the Liberal government for accepting that trade agreement with the United States. But that has not solved our unemployment problem, and it is the duty of parliament to find a solution for it and to provide the necessary remedy.

When I was elected a member of parliament—and by the way I represent 25,000 people in western Canada, and I am speaking here not in my own interests but in the interests of those who sent me here, and if at any time I express in this house sentiments that are contrary to those I know my people hold, I know I shall have to pay the penalty; I shall be the one to suffer—when I was elected I wanted to give a fair day's work for a fair day's pay, and I wondered what I could do to help solve the problems of Canada. Being a very humble member of parliament, but knowing the agricultural situation, and knowing that great numbers of agricultural workers throughout the country were unemployed and had drifted into our cities, I investigated the farm placement plan which had been adopted by the previous government. I felt that the administration of the plan had not gone far enough. I believed in the plan, but I thought that something more could be done.

I am not giving away any secrets, although perhaps I am giving information when I say that the farm placement plan was first suggested to the former government by the deputy minister of labour of Manitoba, Mr. MacNamara, but I want to give them credit for adopting the plan. The plan was for the federal government to pay the agricultural worker five dollars a month and another five dollars a month to the farmer for whom he was working. But after a few months the former government ceased to pay anything to the farmers and carried out only that part of the plan providing for the payment of five dollars a month to the agricultural worker. If the government is going to get credit for instituting the plan, it must also take the responsibility for making it a partial failure. I felt that if we could give these farmers, who were in dire need at that time, ten dollars a month to board these men, we could extend the plan and take in thousands more of these unemployed single men in our cities, and so I got busy. At the first public opportunity I took the matter up with the United Farmers of Manitoba, who were holding their annual convention in the city of Portage la Prairie that year. I discussed the plan at their meeting and presented a resolution asking them to endorse a policy whereby the dominion

government would put the plan into effect, and the resolution passed unanimously. I came to Ottawa and submitted the plan to the Minister of Labour (Mr. Rogers), he discussed it in the house, and the plan eventually was adopted.

Mr. ROGERS: That is correct.

Mr. LEADER: Yes. Yesterday the hon. member for Greenwood, (Mr. Massey) gave credit to the late government for instituting the plan, which statement I have corroborated, but I have added that the late government must take responsibility for making just half a job of it. I have told the committee of the procedure I followed in introducing that measure into the house; I am now going to read the words of the minister himself, and I do not think he will deny me that right. Speaking in this house on April 9, 1937, he is reported at page 2824 of Hansard as follows:

> Mr. Rogers: I should like to say here, and I am glad of this opportunity to do so, that during the discussion of unemployment and relief a year ago the hon. member for Portage la Prairie (Mr. Leader) brought to the attention of the house the importance of enabling single unemployed men in the cities to go to the farms, particularly during the winter months, and also the advantage to the farmers of having that additional assistance during this period.
>
> The hon. member made a definite proposal, as I recall it, which has been largely carried out in the actual farm employment plan which has been in operation. I give that simply as one illustration to assure hon. members that those responsible for particular departments frequently profit, and ought to profit, from the suggestions which come to them from various quarters of the house.

I would add that a government should profit by opinions expressed on all sides, and should take heed to them. I think the government, in giving credit to an hon. member who happens to be a friend of the administration, should be glad that its supporters are in a position sometimes to offer constructive criticisms. Honest criticism coming from a friend should it seems to me, be regarded as perhaps the best advice possible.

I am sure that had the hon. member for Greenwood known the facts, he would not have made the statement he did make yesterday.

Mr. MASSEY: What statement?

Mr. LEADER: I shall read it. The hon. member was discussing the farm placement plan, and he said:

> It was with some degree of satisfaction that the minister reported what had been done under the farm improvement, employment and settlement plan. The minister realizes, as does the national employment commission, that this plan was not set up by this government, not even recommended by the national employment commission, but constituted by the former government. The present government has to its credit, let it be said, the fact that it adopted the principle of that plan.

Mr. Martin: Look at the difference in the results.

> Mr. Massey: I have noted them. The plan under the former government was and still is a great success, but do not forget the origin and point from which it started, and give credit where credit is due. Fifty thousand men have been placed under the scheme and the minister is to be congratulated upon having accepted it. Surely the government and the national employment commission should not assume any credit for this plan.

The hon. member was not in the chamber when I told the committee that Mr. MacNamara, deputy minister of labour of Manitoba, suggested the plan to the former government. I gave that government credit for adopting the plan, but I also censured them because they discontinued the bonus of five dollars a month to the farmer. That proposition was brought into the house by myself; only I suggested ten dollars a month to both the farmer and the farm hand.

I was going on to say that I am sure the hon. member for Greenwood did not know that those are the actual facts or he would not have arrogated to himself the duty of claiming this credit for the former government.

That the government has accepted the plan which was suggested gives me encouragement and prompts me to offer another. The plan I am about to mention has been alluded to previously in this chamber. It has to do with that part of the report which deals with the rehabilitation of agriculture. During the campaign I had occasion to speak over the radio, and I prepared a fifteen minute talk on how to rehabilitate agriculture, how we could devise some scheme to keep our people on the land, rather than have them drift to the cities. I have the statement before me. I am going to read but very little of it, as I wish to hasten on with my remarks. I told the people of the money that was being spent at that time. I believe the then leader of the opposition stated that over three hundred million dollars had been expended in unemployment relief, and that nothing of a concrete nature had been devised. I spoke of great public buildings which had been erected throughout the dominion at a huge cost to the taxpayers, not a dollar of the expense having been paid in cash, every dollar being borrowed money on which interest would have to be paid in perpetuity. I told them of the relief camps and what they were doing to the nation. By the way, before I get away

from that point let me state, what perhaps I should have mentioned a few moments ago, that the adoption of the farm placement plan had the effect of closing those camps. Last year, I believe, over fifty thousand workers, men and women, were placed on farms, at a cost of something over three and a half million dollars to the taxpayers. The last year the relief camps were in operation, according to figures which, I understand, were given by the minister, the cost was in the neighbourhood of nine million dollars, and the prospective expense for the following year was twelve million dollars. But under the farm placement plan we were able to close the relief camps and reduce our cost by two-thirds.

Mr. DOUGLAS (Weyburn): Were as many men taken care of?

Mr. LEADER: Yes, far more. On an average there were, I believe, only twenty thousand in the relief camps, whereas last year fifty thousand men and women were placed on farms. I said in my address that the handling of the relief at that time was more or less of a political nature, because there was no employment commission, there was no real foundation on which the government could work, and many decisions were made at a time when matters did not receive mature judgment owing to the emergency, with the result that the work and the appointments were more or less political. Then I told them of the plan of the leader of the opposition at that time:

> The alternative method of handling the unemployment problem is found in the platform of the Liberal party as outlined by Mackenzie King. Mr. King and his followers pledge themselves to appoint a National Unemployment Commission which will represent all parts of Canada, all classes of society, and all interests of the community. That body will be non-political. It will be in a position to consider each relief project strictly upon its merits and to advise the government accordingly.

The commission was duly appointed. Perhaps all hon. members will not believe that it has accomplished much, but if it has not, this certainly was not the fault of the commission. I went on to outline a plan by which we could help the unemployed and keep our people on the land. We have heard from all parts of the chamber suggestions by hon. members as to electrical energy being placed at the disposal of the farming population. I do not know of any farmers in the west, unless perhaps there are a dozen or so around my city of Portage la Prairie, who enjoy the use of electrical energy in their farm homes. I believe it is for lack of this facility more than anything else that young people are leaving our farms. Men, and women, boys and girls, are going to the cities. They see the conveniences there, and are discouraged when they return home and realize what they have to put up with. This, we are told, is a machine age. It is true that farmers have a great deal of machinery to help them in their work; but farm women are without the devices which are at the disposal of city women, and so the younger generation tend to drift towards the cities because they have no pride in their occupation and no heart in their work. So I suggested this:

> We all know, and no one better than those who are engaged in farm work, that farm life is not so attractive as city life. Farm houses generally lack the modern convenience found so universally in the city. Although Canada has an abundance of electrical energy generated to meet the requirements of all citizens, our governments have not yet been able to place this power within the reach of the farmer's pocket-book. This is one reason why our young farmers, both boys and girls, prefer a doubtful existence in the city to the more permanent though humdrum life on the farm. These young people should be retained on the land otherwise they will displace workers in the city. This could be done in a large measure if our governing bodies would undertake to supply farmers with electrical energy and not limit the benefits of this modern labour-saving device to those residing in our towns and cities. Why, and it is a pertinent question, should not farm women have the same opportunities as their sisters in the city and simply by the pressing of an electric button be relieved of much of the drudgery of housekeeping?

Then I told them that I knew from personal observation and through contact of thousands of retired farmers or farmers who had lost their farms and who were living in our cities on relief. I said that those farmers would give their right arm to get back to the old farm again, but that there was no opportunity for them. I told them of farm workers who had laboured for years and years on the farm, but who, owing to the depression, could not go back with any chance of getting a job. I told them about the returned soldiers, and perhaps I should read the paragraph dealing with this class:

> Then, too, the returned soldier, who offered his all for the welfare of the nation should be taken care of. Perhaps he and his family would like to be reestablished on good land in a good district. The fact that he had failed in a previous experience should be no detriment. Perhaps our government was greatly to blame for his failure because we know that many of these men were placed where they had no chance to succeed owing to having started on poor land in a poor district and with expensive equipment. I know of many returned men who are separated from their

families by force of circumstances that would welcome the chance to reestablish their homes on the land, had they an opportunity.

I am thinking now of one incident in particular that occurred while I was loading a car of wheat at a siding at Burnside. There was a man of perhaps forty years of age who was working for another farmer, and he said to me, "My wife and two children are back home living with her father and mother. We were placed on a farm and were anxious to succeed. But after a year or two we came to the conclusion that no man in Canada could make a living on it." Consequently they abandoned the farm and his wife and two children went back home, while he became a hired man. There are thousands of such cases, and the minister himself told us that many of these soldiers have not had a fair chance to succeed.

I should like to read the plan that I submitted then. Here it is:

Now I think that the Canadian government should undertake at the earliest possible moment to place these ex-farmers and the others that I have mentioned back on the land. They could be located on much of the land that is at present a burden to the resident farmer.

What I meant by being a burden to the resident farmer was this: In my own district of Portage la Prairie, I know of fathers who are themselves the sons of old pioneers who went there from Ontario and Quebec. They are now seventy years of age with four or five sons, not one of whom is at home. Where are they? They have gone to the cities, either in Canada or in the United States, to find employment. They would like nothing better than to take up a quarter section or half a section of the land belonging to their fathers, but they have not the means. The father, perhaps, has a big mortgage, or a small mortgage it may be, on the farm and he cannot get hold of any money for the purpose of establishing a son on a farm across the road. Consequently the son leaves home and goes to the city. And by the way, when the boys leave home it is a natural consequence that the farm girls do likewise. Therefore, it should be, and, in fact, it is the duty of the government—and I believe they recognize it—to try to keep these farmers' sons and daughters on the land where they were born. To continue:

In my opinion the federal government should undertake to finance this scheme. Money can be procured at the present time at a very low rate of interest. It could be loaned to the provinces who in turn would deal through the municipalities whose councillors would be in the best position to judge, not only the quality of the land but after investigation the capabilities of the land-seeker.

I believe the minister will discover some similarity between some of the recommendations contained in the report and what I have been reading to the committee.

In proposing that the federal, provincial and municipal governments should cooperate in the operation of this scheme I am endorsing the policy of the Liberal party as outlined in Mr. King's radio address in which he advocates unity of purpose if we are to achieve beneficial and permanent results. Furthermore, the plan could be carried out with a minimum of expense as it would not be necessary to engage a staff of government officials to add to our burden of taxation.

That could be done by our municipalities without costing the taxpayers one cent, and I believe it is what the report recommends. I believe that is the system which is recommended for adoption by federal, provincial and municipal governments. I do not know whether the farm loan board would take care of a matter of this kind, but it seems to me that is the agency through which we might work. The present farm loan legislation is, in my opinion, a mere pretence.

Mr. DOUGLAS (Weyburn): A waste of good paper.

Mr. LEADER: It does not go far enough. In my opinion, the farm loan board's operations could be extended so as to enable it to buy a lot of this land from farmers who have now more than they can work economically. The result would be that the farmers' sons could apply to the board for a loan on some of the land. This money could be paid to the father who owns the land, and his son would be established. In this way two purposes would be served at the same time. The aged farmer would not sit down waiting for the old age pension; he would be relieved of his mortgage on the old homestead and would be quite content to live there the rest of his days looking across the fence or over the roadway and watching the progress of his son, happily married, carrying on the traditions of his forefathers.

I submit that our system has been all wrong. I do not think one dollar should be paid out in direct relief. All moneys paid out should go to men who work, unless they are unemployable, in which event they are the subjects of charity and we should look after them. I have here some figures given by the Hon. Mr. Garson, provincial treasurer of Manitoba. In the last five years there has been paid out in that province—I believe these are the total figures for the dominion and the province—for direct family relief, including the drought areas, the sum of $35,604,730.19. At the same time they paid

out $818,699.12 for rural rehabilitation. In other words, they paid out over $40 for direct relief for which we get no benefit and from which we have no chance of ever getting a return, to only $1 spent for reestablishing our people on the land. That is the situation in Manitoba. That is why the minister mildly condemns the plan of rehabilitation which we have had up to the present time. The minister said, in answer to a question of the hon. member for Winnipeg North (Mr. Heaps), that capital expenditure should not be undertaken unless it provides national income. To that I most heartily agree. But if there is anything which will bring in national income and produce a better morale in this country, or any other country for that matter, it is having a happy, contented rural population.

Mr. R. H. McGREGOR (York East): I listened to the three and a half hour speech of the minister with great care, trying to find something that would be of some benefit to my people. Having found that there was nothing of that in it, I feel it my duty to bring before the committee some of the conditions which exist in the southern part of the county of York, and more particularly in that part of the county which I represent. This part of which I speak is situated on the outskirts of the city of Toronto. In years gone by, property there was fairly cheap, and many people from Toronto came to that district and built what we at that time called "shacks."

THE ROYAL ASSENT

A message was delivered by Major A. R. Thompson, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, His Honour, the deputy of His Excellency the Governor General, desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, the house went up to the Senate.

And having returned,

Mr. SPEAKER informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name the royal assent to the following bills:

An Act to amend The Dominion Franchise Act.

An Act respecting the appointment of Auditors for National Railways.

An Act to authorize an Agreement between His Majesty the King and the Corporation of the City of Ottawa.

An Act to amend the Railway Act (Telephone Tolls).

An Act to amend The Opium and Narcotic Drug Act, 1929.

An Act to amend The Trans-Canada Air Lines Act, 1937.

An Act to amend Part V of the Canada Shipping Act, 1934 (Sick Mariners and Marine Hospitals).

An Act to amend The Winnipeg and St. Boniface Harbour Commissioners Act.

An Act to amend the Soldier Settlement Act.

An Act to amend the Penitentiary Act.

An Act to amend The Canada Grain Act.

An Act for the relief of Alice Cecile Pinder Hartt.

An Act for the relief of Ruby May Foster Ryder.

An Act for the relief of Ethel Sadie Davidson Case.

An Act for the relief of Ray Simon Stern.

An Act for the relief of Norma Adelaide MacKenzie Bird.

An Act for the relief of Mabel Marjorie Thompson Maynes.

An Act for the relief of Walter Edward Gorham.

An Act for the relief of Margaret Anne Eddie Bender.

An Act for the relief of Kathryn Chronis Briggs.

An Act for the relief of Vera May Levis Holloway.

An Act for the relief of Robert Andrew Young.

An Act for the relief of Mary Lorraine Ward Williamson.

An Act for the relief of Lyall Gibson Hodges.

An Act for the relief of Esther Lazarovitch Cohen.

An Act for the relief of Dorothy Reaves McMartin.

An Act for the relief of Mary Dorothy Picard Whitcombe.

An Act for the relief of Emil Kastus.

An Act for the relief of Eva Fleming Hislop.

An Act for the relief of Sigmund Cravec.

An Act for the relief of Robert Parry.

An Act for the relief of Nacha Ferszt Klajner, otherwise known as Nora Firstenfeld Klein.

An Act for the relief of Leonora May Howard.

An Act for the relief of Annie Elizabeth Climie Adams.

An Act for the relief of Margaret Alice Mizener.

An Act for the relief of Frances Dorothy Scott Skinner.

An Act for the relief of Esther Rotman Resnick.

An Act for the relief of Dorothy MacFie Safford Dale.

An Act for the relief of Alice Temple Jamieson Adair.

An Act for the relief of Gladys Kathleen Crook O'Sullivan.

An Act for the relief of Geraldine Estelle Bamford.

An Act for the relief of Charles Marie.

An Act for the relief of Rosamond Cheriton Stoyle MacDonald.

An Act respecting The Dominion Association of Chartered Accountants.

An Act to assist the Provinces of Alberta and Saskatchewan in financing the cost of seed and seeding operations for the crop year 1938.

An Act to amend The War Veterans' Allowance Act.

An Act to amend the Canada Evidence Act.

An Act to amend the Civil Service 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.
An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1939.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

UNEMPLOYMENT RELIEF

MEASURE FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

The house resumed consideration in committee of the following proposed resolution—Mr. Rogers—Mr. Sanderson in the chair.

That it is expedient to bring in a measure to provide assistance towards the alleviation of unemployment and agricultural distress, and for such payments out of moneys appropriated by parliament as may be necessary for all or any of the purposes of the proposed legislation.

Mr. McGREGOR: Mr. Chairman, as I was saying when the committee rose at six o'clock, most of the people in the southern end of the townships of East York and Scarborough and the southern portion of North York moved out to those municipalities between the years 1916 and 1929, and built what at that time were termed "shacks." Most of these people worked in the building trades in Toronto during the day time and they built their houses in the evening. When 1929 came, most of them had fairly good working men's houses erected, and when they fell out of work they had no reserve. All they had left was their little home.

I want to give the committee some figures to show to the minister that the statement of the hon. member for Kootenay East (Mr. Stevens) this afternoon to the effect that most of the municipalities in this country are bankrupt had a good deal of truth in it. I will give figures of the assessment, the levies, the arrears of taxes, the property taken over already and the property that is expected to be taken over by these municipalities in the year 1938.

In the township of East York we have an assessment of $14,497,000; the levy is $1,085,000, and the arrears of taxes, $1,040,000, or almost equal to one year's total tax levy. The property that has already been taken over by the municipality amounts to $325,244, and let me say to the minister that every time a piece of property is taken over by the municipality, no further taxes can be collected on it and the rest of the property owners must bear that extra burden. Properties on the tax roll that are expected to be taken over in East York in 1938 amount to $160,000.

In North York the assessment is $10,685,000; the levy, $670,000; arrears of taxes, $495,000; property taken over, $119,901, and the property that is expected to be taken over in the year 1938 amounts to $244,674.

In the township of Scarborough the assessment is $10,475,000; the levy, $620,000, arrears of taxes, exactly half a million dollars. I hesitate to give figures of the property that has been taken over by the municipality, but I have here a publication which has been prepared by the county of York, and it shows that this municipality has taken over $1,584,000 of property; those are the actual tax arrears owing on the property—not the assessment.

What is going to happen to these municipalities in another few years if they continue to take over property at this rate? It will mean that before very long the biggest part of this assessment will be owned by the municipality, and what are the other property owners going to do then? The municipality has paid interest on debenture debt at the rate of 3 per cent, but it has paid no principal since 1933.

In 1928 the township of East York had a building program of $2,600,000; in 1937 it had a building program of $360,000. The bill for relief for the month of January of this year was $53,138; for February, $57,477; and for March just closed, $58,802, of which the municipality is asked to pay approximately $12,000 a month. The number of those on relief in the month of January was 5,523, and in February, 5,977.

One big drawback that we have in these municipalities is that we have no factories. There are no industries of any kind, and consequently all the taxes have to be levied on the homes, which constitute the only property available for taxation. The school tax in some instances amounts to 50 per cent of the total tax levied, and in most instances the school tax, plus the relief tax, amounts to more than 50 per cent and in some instances to 60 or 65 per cent of the total tax levied.

The minister may say that there is no money to look after this situation. But I would point out that from 1935, the last year the Conservatives were in power, until this year the revenues of this country have increased by some $93,000,000, and if the Minister of Labour (Mr. Rogers) went down to my riding and attempted to make a speech there, the first thing he would be asked would be: What are you going to do for

the unemployed? If he told them that there was no money, they would say: There is plenty of money for Saskatchewan; there is plenty of money for defence, plenty of money to pay the deficits on the Canadian National Railways, and plenty of money to pay the interest on the bonds of the Dominion of Canada.

I want to give a few instances of men who have lost their property. One is the case of a gentleman who had given thirty-five years of his life to the public service of the municipality as school trustee, reeve, member of the county council, and so on. The five acres that he owned had been in his family for sixty years. Four years after he died his property was taken over by the municipality for arrears of taxes, and the rest of his family have not a dollar to live on. What is going to happen to them I do not know.

Another family have lived on their farm for 125 years, and cleared the bush off their farm originally. This property has been taken over by the municipality, and what is going to happen to the family nobody knows.

Another case I shall cite is that of a returned soldier. He built his own house, and when it was finished he and a number of other returned soldiers built a veterans' hall in the community. The municipality got into financial difficulties, and this man, who happened to be working for the municipality at that time, was laid off, his work being done by relief labour. He had a small mortgage on his home, and the mortgagee came to foreclose the mortgage, but a group of sympathetic friends rallied around the owner and prevented the bailiff from carrying out his orders, and so the man's home for the time being was left alone. The last time I saw him he stated that before he would be put out of his house—and that is the only thing he has left in this world—there would be murder. Whether that would happen I do not know. But I say that one of the reasons why we have what we call "reds" in this country, one of the reasons why this great scare of communism is over Canada, is the injustices that have been done to families along the line that I have indicated. I ask the minister, If he had worked all his life; if all he had left as a result of his work was his house, and if someone came along and took it from him because of a paltry seven or eight hundred dollar mortgage, taxes and interest, what would he do? Yet in the township of East York alone, five hundred people have lost their homes in this way. I do not know where it is all going to end, but conditions are extremely serious.

[Mr. McGregor.]

When the mayors and reeves visited Ottawa a few days ago I understood, from talking to one of them, that they were returning home with a good deal of hope. They expected the minister was going to do something for their relief problem. They said that Premier Hepburn of Ontario was prepared to do his share if the federal government would do theirs, and they gave me to understand that they were assured by the minister that something would be done. If the premier of Ontario is ready to do his share, I do not see why this government should not do theirs. I trust that before the session is over, the minister will do something for these municipalities, for they are in very bad shape financially.

Mr. WILFRID LACROIX (Quebec-Montmorency): I listened with deep interest to the Minister of Labour's magnificent survey of the unemployment situation, in the course of which he stated that the government is seriously contemplating a new plan designed to stimulate the building of low-cost dwellings. So far, it is well known, the wage-earning classes have been unable to take advantage of the Dominion Housing Act. May I be permitted to suggest to the minister a low cost housing plan which, in my humble opinion, would be within the reach of the labouring classes?

There is no doubt that the best solution of the unemployment problem lies in the construction of low cost working men's dwellings. Such a project, carried out on a large scale, would furnish considerable employment to labourers, carpenters, masons, bricklayers, plasterers, painters, etc., and also stimulate the building material industries. But there is only one way, in my opinion, to make such a plan practicable, and that is to construct dwellings at such a low cost that every wage-earner may own one by writing off his investment through a moderate monthly payment in the form of rent. To my mind the most practical way to ensure this is to adopt a system along the lines followed in Sweden, Norway and Italy, which consists in creating in the larger municipalities a local commission composed of an architect, a sociologist, and a secretary, who would give their services without remuneration. Such a commission would have a town planner draw up a governing plan of the area in which the municipality is situate. This plan, which would have to be approved by the proper authorities, would indicate the various sites suited to a development comprising groups of fifty to one hundred standardized houses costing no more than $2,400 each. I believe it would be possible

to get down to this price by building a large number of houses at one time, thus effecting a saving on materials and transportation, and on other costs.

Such a commission, which would be under the control of both the municipality and the federal government but whose activities would be subject to the approval of a central advisory commission located at Ottawa, would, after drawing up the governing plan and making the cadestral subdivisions required for the construction of these houses, select from among the working men of the locality those to whom, after inquiry, it saw fit to assign a building lot, and after having thus distributed the lots among fifty or one hundred persons, would itself undertake the mass construction of the houses. I am convinced that, provided the commission selects working men in employment, a monthly payment of fifteen to twenty dollars would ensure the repayment within fifteen years of the cost of both land and building. The wage-earner will thus find his house fully paid with very little sacrifice on his part.

In order to attain this objective, two things are essential: mass production and a monthly payment of not more than twenty dollars. The existing act is useless to those who do not have a piece of land and some money; it is beyond the reach of the small wage-earner. Contrary to what has been said, it does nothing to improve living conditions among small urban wage-earners.

The government could lend the required funds, without interest, to the municipalities, which would guarantee the repayment thereof. The local committees and the municipalities could undertake the collection of the sums due, which, as they are collected from the house owners, would be immediately forwarded to the finance department at Ottawa or to the federal commission charged with the administration of the project. I believe that by lending to each Canadian municipality from $100,000 to $5,000,000 or even more, according to size, the government would solve in the soundest way possible the unemployment problem, while providing the country with a tremendously valuable asset and increasing municipal revenues by the surplus wealth thus created.

I would suggest that the government lend $100,000,000 to the municipalities for this purpose. I shall probably be asked where the government is to obtain this money which it will loan without interest to the municipalities. Here is my answer. Have the Bank of Canada issue $100,000,000 of paper money. St. James Street will say that is inflation. I say it is not; for the $100,000,000 of paper money thus issued by the Bank of Canada will be automatically refunded over a given period, say fifteen years, by the redemption fund constituted by the monthly payments made by the house owners. After a certain number of years, the Bank of Canada will have recovered all the paper money thus issued, which it will destroy as it comes in. In this way the bank will not lose one cent, and the government of Canada will add to the assets of the country and increase the resources of every municipality by providing new taxable property. Moreover, the $100,000,000 which is thus placed in circulation and which would become bank deposits, would place borrowing facilities at the disposal of commerce and industry. The stimulus given to all the building trades would attenuate the economic recession which is becoming more and more apparent and solve the unemployment problem pending a revival of business.

Let us see who are those who will object to such a policy. There are in the first place the banks, which would rather see the government make issues of bonds to which they could subscribe and, without trouble or risk, make a profit consisting of the difference between the interest which they pay to their depositors and that which the government pays them on its bonds. But all the money which the banks invest in government bonds is money withheld from commercial and industrial development. In the second place, there are the small investors, the holders of savings accounts, who may fear that their dollar will lose its purchasing power. To them I say that they are mistaken; for this operation of the Bank of Canada will be only a temporary one designed to create wealth, to provide work and to make money circulate. When it shall have been entirely refunded to the Bank of Canada, the dollar will have lost none of its value, as the situation will be the same as before the $100,000,000 was issued.

Besides, identical operations have been carried out in Sweden and Norway with no effect whatever upon the monetary unit. It must not be overlooked that this expenditure of $100,000,000 will not only provide needed employment and solve the slum problem which is daily becoming more serious in our cities, but also create a permanent national asset.

Such a policy seems to me to be the soundest possible. I find on page 101 of the national employment commission's report, under item (iii):

> The employment created by such housing projects will be greater and more widely spread than that afforded by large scale public works.

Public works, in most cases, are non-productive, whereas working men's dwellings, if built according to the plan that I have just indicated, will assuredly be paid for. Besides, should an owner fail to meet his payments, what is to prevent the municipality from taking over the property and keeping the amount already paid on it? Moreover, a $2,400 house is always salable, and the possibilities of loss, taking into account the payments already effected, are practically non-existent.

I might add that the action I am asking the Bank of Canada to take is not out of line with the bank's practice. In fact, when it increases the price to be paid for gold, it issues paper money and practises inflation. By so doing, it is following the example of the United States government.

I consider it sounder policy to create in this country an asset, which, while increasing Canada's wealth, will solve a pressing social problem and allow our working classes to live a little more comfortably than to augment the gold reserves concentrated in the Bank of Canada's vaults.

The policy that I am now urging upon the government is already being followed by some manufacturers. At St. Grégoire de Montmorency, in my constituency, the Dominion Textile Company employs 2,000 workers. During the first year following my election as representative of these working people, for whom I feel so deeply, I asked the Dominion Textile Company to adopt such a policy, but my appeal brought no result.

The working people of this small town in my constituency live in small houses where, in some instances, three or four families are crowded together. They would be delighted if the government were to adopt a policy such as I have outlined, which would give to each worker his little home and a garden.

In order to solve the social problems which confront us to-day, it is of vital importance that the working man be able to live under conditions which permit him to have, as other social classes have, a home of his own with space around it, where he can breathe freely, and where the sun can penetrate into every room. It is important that he be able to say to his children: I live in a country where it is good to live.

That man, living in such conditions, will hold fast to our national traditions, will cherish all the more the liberty that is ours and will, in such a state of mind, constitute our strongest bulwark against any subversive ideas that may seek to permeate his home.

The present living conditions of our city workers are untenable. It is essential to wipe out the slums in which the working man considers himself an outcast and where his surroundings make him curse the differences which unfortunately exist between men endowed with the same heart, with the same soul.

When selfish industrialists and greedy capital shirk their obligations, it is the duty of the government to come to the rescue with sound and vigorous legislation. This is what I am now asking the government to do.

Mr. D. G. ROSS (St. Paul's): The resolution before us reads:

That it is expedient to bring in a measure to provide assistance towards the alleviation of unemployment and agricultural distress, and for such payments out of moneys appropriated by parliament as may be necessary for all or any of the purposes of the proposed legislation.

One can easily understand the reason for bringing in this measure so far as agricultural distress in the drought areas in the west is concerned, but one can hardly understand the reason for it in relation to the alleviation of unemployment in general.

I wonder if the memory of hon. members is too short to recall the Liberal campaign cries in 1935. I wonder if the general public still remembers the nicely printed cards and flaming bill-boards: "Get off the relief roll; get on the payroll. Vote for us. Get action. King or chaos." Three years have now passed and the poor misguided electorate are still on the relief rolls or on the edge of the payroll. One would think that those responsible for these election cries had some concrete policy in their minds for the relief of unemployment. We have been waiting now for two and a half years for something concrete from this government elected on these promises, and now we are handed a report of a commission!

The three or four hour speech made by the Minister of Labour (Mr. Rogers) was void of any immediate hope for the unemployed. No reasons for unemployment were given. The minister attempted to take credit on behalf of the government for such increase in employment as has taken place. Very little that this government has done has improved employment in this country. The improvement which started in the regime of the Conservative government has continued in spite of this government.

If a business gets into difficulties a concrete policy for betterment must be formed without delay. The board of directors must take action to get the business out of its diffi-

culties. The shareholders will not allow them to "pass the buck" to some other independent body; the responsibility is theirs. The board of directors call in the heads of the various departments and the experts whom they have at their disposal in an endeavour to clear up the difficulties. They go to work step by step; they do not rush in with some theoretical panacea of foreign trade or such cure-alls and then wait for two and a half years for some outside body to report. If they did so, by that time they would have no business. They recognize that maladjustments must be discovered and corrected step by step. That is what the former Conservative government did. First of all they reestablished the Canadian home market. But the constructive program initiated by that government is well on its way to being wrecked by such action as has been taken by the present government.

Every phase of Canadian unemployment cannot be corrected at once. Canada is a young country. Canada was built up nationally. The forefathers of this country made sacrifices for the privilege of living under the British flag and under British laws and traditions, and to be a nation. The whole plant of Canada—our canals, our roads, our railroads, our water powers, our factories, and now our airways and radio—was built with this object in view. Our forefathers were for Canada first, and they expected us to follow that principle. Our national resources should be for the benefit of Canadians, not only those now living but future Canadians. Our forefathers saw the great possibilities and the potential wealth of this country, and we must recognize these facts if we are to have continued prosperity and economic security in this country. We must use our national plant and our national resources for the benefit of Canadians.

We have to go a step further, and recognize the advantages of empire nationalism. The commonwealth is held together by ties which were recognized by our forefathers. These ties were responsible for creating Canada as a nation in the commonwealth; these ties were responsibile for the building up of the commonwealth. It is right and proper that we should recognize the advantages of using our national plant and national resources for the benefit of the empire and of the British Commonwealth of Nations. Now that the whole world has gone national, it is ridiculous to think that a little country like Canada can hope to survive by sacrificing our home markets and Canadian industries for unstable markets in countries where these ties do not exist.

The government of the day are entrusted with our natural resources; they are trustees of the Canadian market for Canadians. But they have been remiss in their trust. Has Canada's board of directors followed a businesslike course? No. The people expected them to act in a businesslike manner. In the 1935 election, bill-boards and election cards cried out, "Get off the relief roll; get on the payroll; vote Liberal; elect us, you will have action!" When the Liberal party was elected and a new cabinet formed, this new board of directors should have directed all their efforts to constructive action. They should have utilized the machinery, such as the bureau of statistics and their experts, to the fullest extent. They might have utilized their elected members of parliament; but they did not; they set up a commission, which has cost the country two or three hundred thousand dollars. The government passed the buck, they have refused responsibility.

The least I can do is to do something better than the government has done. I wish to make a plea for national unity in the correction of unemployment. The policy of this government, rather than fostering national unity, has to a large extent created disunity. We have discord between one section of the country and another, between classes of labour, between labour and capital, between provincial governments and the federal government. They all have a chip on their shoulder, due to the actions of this government. People in one section of the country are led to believe that prosperity built up in another part of the country, is responsible for the privation and distress of their own section. Banks are blamed; railways are blamed; labour unions are blamed; the weather is blamed for unemployment; but the real blame lies at the door of this government. The people should be brought to realize that prosperity in one part of Canada does not make Canada prosperous; that there is very little chance of one section of the country being prosperous while other parts suffer poverty and distress.

One great difficulty is the enormous increase in federal and provincial debt; another is our tremendous cost of government, resulting in excessive taxation. Everybody wants to work for the government because jobs in industry cannot be had. They are looking for economic security, and that seems to be the only way they can get it. The government must give leadership in the formation of public opinion to correct this overgovernment.

Interest on our enormous public debt must be paid primarily by exports of goods or services which the creditor nations need and must have. No bargaining is necessary here.

Canada must pay in the equivalent of goods or services; there is no other way. Canada cannot afford to buy from foreign countries any more goods or services than are absolutely necessary, as to do so would still further increase our debt and our foreign obligations, and make unemployment greater. In this country we have everything that is necessary for abundant prosperity if only we had good government leadership. Canadians must have an opportunity for production. We have primary producers of many products which deplete our natural resources, such as pulp, paper, minerals, lumber and so on. We have producers of other products which repeat year after year, such as farm products, wheat, cattle, animal products and so on. We have service products in the tourist trade, the insurance business, the railways and so on. We have secondary producers, who are by far the greatest proportion of the population. Through lack of government leadership and also through unfair propaganda, prejudices have been created. One class of industry is sure that help for another industry will be prejudicial and almost an insult to itself. They want protection for themselves and none for others. In no class of industry can continuity of employment be assured without security to the workers in the other classes. The great fundamental fact is that primarily all the great classes engaged in industry, farmers, doctors, lawyers and everyone, require as much of the home market as they can obtain; the more the better, if we want continuity of employment.

The minister touched on almost every phase of the matter but that which is the most important. Our unemployment urgency requires national unity. That phase of this government's policy with respect to the home market, Canada for Canadians, is the phase on which the minister did not touch. Our unemployment urgency requires national action. It might require sectional sacrifice until such time as a proper balance of employment is arrived at in these various classes of industry. Those who are required to make sectional sacrifices should be properly assisted or compensated; this will be cheaper than the cost of relief for the employable unemployed.

Three years now have passed, and at last we have the report of the national employment commission which was set up in 1936. That commission established a statistical branch and went into action. Clerks, stenographers, secretaries, typewriters, adding machines, tabulating machines and so on all went into action in order that the commission could get the information which they have obtained. They collected statistical data. This information is useful and illuminating, and it should continue to be collected and tabulated. I think the bureau of statistics, with its trained staff, could do that work without much added expense. The compilation of all this information could have been carried out by that expert branch of the government without any very great increase in cost. Could not the machinery of the bureau have been used for this purpose, without the expenditure of two or three hundred thousand dollars? In any event a great deal of the information obtained was collected by the bureau. The municipalities carried out the registration and collected most of the information. The interim report of the commission was made in July, 1937. The final report was made in January, 1938, and was printed and tabled a few days ago. Why the delay from January to April? Was there difficulty with the report? Or was the report supervised by the government? Or is it an independent report by an independent commission? Surely in view of the gravity of the situation hon. members were entitled to see this report earlier than the month of April, when it was completed in January.

Having regard to the increasingly large number of unemployed, is that action? It is not. We are told that another commission will have to report on the ways and means of carrying out this report. This is action by commission, but it is not action for the benefit of the employable unemployed. As soon as they were elected in 1935 the government took action, observing that general business conditions were steadily improving and that we were recovering from the effects upon the country of the dumping of goods in 1930, due to the policy of the Liberal government of the day. We were recovering rapidly as a result of the Ottawa agreements and the policy of the Conservative government in enforcing dumping duties. This government, hoping that conditions would continue to improve, referred the Employment and Social Insurance Act to the courts. They did not even repeal the act. The hon. member for Témiscouata endeavoured to do so; but as usual this government passed the buck to the courts, spending thousands of dollars of the taxpayers' money in order to have the act declared ultra vires. They did not take steps to see if the provinces would fall in line and agree that necessary steps should be taken to bring this legislation into force. The provinces would have needed little persuasion at that time, but this government refused to approve this legislation, which had been passed by a Conservative government.

They refused to take action, in spite of their election cry, "Elect a Liberal government and we will be Liberal from coast to coast." Now we know that this cry meant nothing. This act might have been in force to-day with the machinery running smoothly if there had been action on the part of the government. Anybody with foresight could have seen that under our industrial set-up such legislation was necessary for a great many reasons, and now it has been recommended by the national employment commission, but we must wait for another year or so until we get a report from another commission.

Very little credit can be given the government for the improvement in the unemployment situation, but condemnation may be expressed because of their neglect to conserve the home market for Canadian workers. No one can deny that the dumping of Japanese goods, manufactured under a standard of living which is only a fraction of that enjoyed by our workmen, has taken employment from our workers here. The government refused to stop dumping; no action was taken. Canada has not been prosperous as far as her workmen are concerned. Canada's volume of trade is not the indication of the prosperity of the country. Our prosperity is indicated by the prosperity of the individuals throughout the nation, how much they earn each year, not each day or each week. That means how much work has been done. In three years this government has done nothing to increase the continuity of employment. It has given away the home markets of our secondary industries by not stopping dumping. The depression in the United States which started in October, 1937, has been steadily growing worse. That country had high inventories, which had to be liquidated. For the last four or five months these inventories have been liquidating at the expense of Canadian industry. Almost fifty per cent of our imports from the United States were of finished manufactured articles. Therefore I say that this liquidation has been at the expense of our workers. Our imports from the United States have increased, and our exports to that country have decreased. Our balance of trade with them has become increasingly against us.

What action was taken last October, November or December to stop a continuance of these conditions? Where was the imposition of dumping duties? No action has been taken, and yet the government takes credit for having done good work. It takes credit for placing youth in industry. For years it has been obvious that youth training was necessary. It has also been obvious that when conditions warranted, manufacturers would encourage that training. They would encourage it when there was a demand for their goods. It is also obvious that government assistance and cooperation were necessary, and I must say that very little credit is due the government for anything which, on the face of it, is so obvious. When conditions warrant, youth training in industry would increase. But what will happen to the trained youth and the old employees? When the demand for manufactured goods declines, the services of employees will have to be dispensed with. I ask this question: What is the use of training the youth if the manufacturers cannot keep them employed? What has the government done to ensure the continued employment of these people?

What is happening at the present time? They are being laid off, or are being told that they will have to work shorter hours. Thousands of young Canadians are reaching the age where they could take work in the industrial fields. What has the government done to ensure work for them? We know it has refused to impose dumping duties on imported goods. Is that the proper action? The work our workmen should do is being done by United States workmen, in order that some purchaser may save a few cents on the dollar. All this is done at the expense of the Canadian workman, and at a heavy relief cost to the government.

Canadian buyers for Canadian firms have orders from their headquarters not to buy. Business houses, because of the policy of the government, are afraid to make purchases. They realize that the government have followed a policy of doing nothing, and that there is uncertainty with respect to the proposed new agreement with the United States. Nobody knows what conditions may be a short time in the future. I know of four industries in Toronto whose business was so good last October that they were cramped for space. Had those conditions continued, they would have built extensions to their plants at a cost of from $10,000 to $40,000. But a Liberal government was in power, and the uncertainty with respect to tariffs and proposed new treaties discouraged them from building. They had the idle cash ready to use, but they still have it. They have put up a temporary accommodation at a cost of two or three thousand dollars, and Canadian workmen have been deprived of the work they might have had in the larger extensions.

Those companies are keeping their cash, to tide them through the coming depression—and it is coming. Provincial governments, through legislation, are trying to improve wage

standards and hours of labour, and these improvements raise production costs. The manufacturer must have protection which protects, or go out of business. Surely he is entitled to a condition whereby he will have fair competition, and protection against dumping. But he knows he will get no action until it is too late. Had action been taken by the government to prevent dumping even as late as last November or December, we would not now be approaching the maelstrom of depression in which the United States now is. Action should be taken right away. Due to the stabilizing effects of the Ottawa agreements passed by the late Conservative government, we might not become involved as deeply as we did in 1930 and 1931. However, if four or five months of dumping takes place, it will take two or three years to recover.

This government is inviting Canada to step into a tail-spin with the United States. In October, November and December, when the indication of recession first became apparent, the urgency for action arose. Was there any action? In the closing months of the last Liberal administration, the early months of 1930, the handwriting of the approaching of the depression was on the wall; but the Liberal government then in power took the same attitude the present government is taking. They had ample warning, and I must add that action is as necessary to-day as it was then.

The condition with respect to employment is getting worse, and something will have to be done. The warning has been given, but there are none so blind as those who will not see. I hope sincerely I am not right in what I cannot help thinking and feeling from the indications, namely, that we are fast approaching another bad depression.

We now have before us the report of the employment commission. An efficient Department of Labour working in cooperation with the minister should have anticipated a great many of these recommendations, and acted upon them. Two and a half years has been lost. There has been a lot of theory, but nothing worth while. To my mind, any atempts which have been made in connection with unemployment, as a result of government action, have had about as much effect as one would bring about by pouring a pail of water into lake Ontario.

Chaos—where did I hear that word? I think the expression "King or chaos" is changing rapidly to "King and chaos." If we do not have proper and constructive action, we shall have much greater chaos than we have to-day.

[Mr. Ross (St. Paul's).]

The people of Canada want work the whole year round. They do not want to work half the year only. Our people want to eat and live decently. Farmers want markets. We know that the best market is the home industrial market, and that the farmer cannot be prosperous unless the industrial worker is prosperous. We must keep our Canadian workmen employed, because relief is repugnant to them. A lack of industrial work means a poor market for the farmer.

This government is doing its best to destroy the home market by refusing to stop dumping into Canada. It is giving work to foreign workmen. It would be better to import the workmen and increase the market for Canadian consumption. By its lack of effective policy in industry it has broken its pledge to the electorate. It has betrayed its trust and shirked its responsibility. The cabinet, the board of directors of the country, should be held responsible for gross negligence in trifling with the livelihood of the workers. It has sacrificed secondary industry for concessions in connection with natural resources. Again I ask this question: Are the workers off the relief rolls and on the payrolls? Have the workers who elected the government been given proper treatment? Those gaily printed cards and flaming billboards should have read: "Get off the payroll and get on the relief roll; King and chaos." The mayors of Ontario are not now making irresponsible threats, as was intimated by the minister a short time ago; they are stating facts.

Mr. J. C. LANDERYOU (Calgary East): Mr. Chairman, it is reports like that of the national employment commission which have created a feeling in the minds of the people of Canada that the setting up of commissions is of little value; for in this report we find that no careful analysis has been made of the situation to ascertain the real causes of unemployment. The three hour speech of the Minister of Labour (Mr. Rogers) contained no concrete proposals for the abolition of poverty or the settlement of this great problem of unemployment, and I was consequently not surprised to hear that the provincial premiers, particularly the premier of Ontario, were not satisfied with the results of the employment commission. The premier of Ontario said that the speech of the Minister of Labour was a headline and a headache:

Asked if he had any intimation of the nature of Ottawa's relief program, Mr. Hepburn said: "I must confess I am not in the confidence of the government at Ottawa."

Mr. Hepburn added, "I can't find a concrete program in it, and we are dealing with relief as best we can, having in mind the federal government has withdrawn its support."

Prior to the election the Liberal government promised the people of Canada that if returned to power they would issue money in terms of public need; but now we find that they have curtailed the grants to the provinces, even though many municipalities and provincial governments throughout Canada are bankrupt to-day. We know that these bodies may have their constitutional responsibilities and be responsible for maintaining certain services; They may be responsible constitutionally for maintaining indigent citizens and those who are unemployed; although those who are employable should not be a constitutional responsibility of municipal or provincial governments.

I have gone over the report of the national employment commission, and find in it a table showing municipal indebtedness, that tremendous burden of municipal debt which has so increased taxation that it is now almost impossible for the municipalities to meet their social needs. In 1926 the gross total bonded indebtedness of municipalities in Canada amounted to $1,050,206,121. There had been a substantial increase from year to year, until in 1934 the debt rose to $1,452,850,562.

An analysis of current developments in Canadian municipal finance points to the following facts:

I may say that this was prepared for the dominion conference of mayors at Ottawa in 1936, by H. Carl Goldenberg:

1. The duties and responsibilities of municipalities have increased without a proportionate increase in the power to raise the revenue necessary to meet their new obligations;

2. Having regard to these increasing duties and responsibilities, real property, the principal source of municipal revenue, is no longer an adequate basis of taxation;

3. Declining revenues accompanying diminished assessments and increased rates have necessitated a greater resort to borrowing, thereby increasing still further the charge against real property and discouraging new construction and home ownership;

4. Debt charges and the increasing cost of social services and particularly of unemployment relief are absorbing a continually increasing proportion of annual revenues and are tending to paralyze normal municipal services;

5. Forced economies in current municipal services are resulting in a huge accumulation of deferred maintenance and expansion.

6. Having regard to the heavy burden of debt charges, further economies in ordinary expenditures can afford no material relief to the taxpayers of the municipalities.

We find that the debts of the provincial governments are increasing. The reports show that the debts of the provinces have increased from $813,400,000 in 1925 to a total of $1,622,-100,000 in 1935. The increase in provincial debt between 1925 and 1929 is given as 22 per cent; between 1929 and 1932, 35 per cent; between 1932 and 1935, 21 per cent; and between 1925 and 1935, there was an increase of 99 per cent.

It should be apparent to anyone who has made a careful analysis of the debt structure of Canada that it is becoming impossible for many municipal and provincial governments to carry out their social responsibilities. They may be constitutionally responsible for the maintenance of their indigent citizens and those who are unemployed; but they find themselves financially unable to carry out their constitutional responsibilities, and now the federal government has cut the relief grants.

The Conservative government, when they were elected in 1930, faced a very serious unemployment problem. That problem was due to a large extent to the policies which had been pursued by the previous Liberal administration during their term of office. I admit that the Conservative party attempted to solve the problem, but they found how impossible that was under the present economic system.

The Liberal government promised to end unemployment in a different way. They promised to abolish poverty, to address themselves to the task of abolishing poverty in this dominion, and they were going to do so by the necessary adjustments in our monetary system so that money and credit could be issued to meet the needs of the people. They recognized that usury, once in control, would wreck any nation, and we therefore naturally expected that the Liberal party would at least make a determined effort to solve the problem of unemployment. When the national employment commission was set up two years ago, the people of Canada expected that they would offer some solution of the unemployment problem, but we find on a careful examination of the report that nothing of a constructive nature has been suggested. True, they have attempted to do something for the youth of this country. Training centres have been established for a small percentage of our unemployed youth, but we have heard nothing from the minister and there is nothing contained in the report that would indicate to the members of the house or the people of Canada what the government intend to do for these youth after they have been trained. There are hundreds and hundreds,

yea, tens of thousands, of these young people in the various provinces who are not employed and are not in receipt of direct aid from the government, but are being supported by their parents. These young people are in a better position to-day than possibly their parents were before them to contribute to the economic development of Canada, but they are prevented from doing so. No opportunities are afforded them.

I suggest to the minister that he should offer something to the youth of this country; that he should bring in some concrete solution of the youth problem. I know that this will take money. I know that when we suggest a program of public works, or the payment of dividends to the people in order that they may have access to the wealth they are capable of producing, the Minister of Finance (Mr. Dunning) and other members of the government bring up the bogey of inflation. When we point out to members of the government that scientists and inventors have laboured for years to free mankind from the nature-imposed necessity of toil; that solar energy is displacing human energy; that the machine has largely displaced man's labour, and contend that, because of these new conditions, dividends be paid to the people and money issued for public works, they cry "inflation;" they reply: "You cannot issue money and credit without having something to back it up." Well, we do not suggest that money and credit should be issued without something to back them up. In this connection, I wish to refer to the world conference of agricultural economists which was held at St. Andrews, Scotland, in 1936. I shall quote two or three paragraphs from a synopsis of the proceedings:

> Problems of consumption of agricultural products were dealt with by E. P. Cathcart, professor of physiology, University of Glasgow, who treated the problems from the nutritional or physiological standpoint, and by R. B. Forrester, University College of Wales, who attacked the problem from the economic point of view. Those taking part in the discussion included F. L. MacDougal, Australia House, London; E. H. M. Lloyd, Market Supply Committee, London; F. Von Bulow, International Labour Office, Geneva; Hazel K. Stiebeling, Bureau of Home Economics, Washington, D.C.; M. K. Bennett, Food Research Institute, Stanford University, California; and S. Schmidt, University of Cracow, Poland.
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> The general feeling expressed in the discussion was of the need for increased consumption, both from the standpoint of solving the agricultural marketing problem and from the sociological point of view. Means considered for bringing this about included, (1) increased real purchasing power for the masses; (2) decreased costs; (3) social measures.

[Mr. Landeryou.]

Thus we find that some of the leading agricultural economists of the world, gathered together at St. Andrews, Scotland, have recognized that we have already solved the problem of production and that there is a tremendous surplus of goods in practically every country of the world, and they have suggested that in order to get rid of this tremendous surplus of goods we must increase the real purchasing power of the masses, and by "increasing the real purchasing power of the masses," they meant increasing the amount of money in their possession. For we know what holds true of the world holds true of the Dominion of Canada. We have in this country a surplus of commodities and are capable of producing unlimited supplies if only we will make available sufficient credits for production, if only we will use the idle labour and the unused machinery so that goods can be produced. We know there are no people on earth who have more natural resources per capita than are contained within the boundaries of this country. We know there is no physical reason why there should be in this dominion such a condition as obtains at the present time, no real justification for the paradox of starvation in the midst of plenty. All we suggest is that Canada be developed for the Canadian people, and that the flaws in our economic system which have created the situation that now obtains be corrected. We believe that before reforms in our social or economic life are possible, our monetary system must be adjusted to reflect the truth of our productive capacity; it must really reflect our collective ability to produce and distribute wealth.

I remember that two years ago I directed a question to the Minister of Labour. I asked him whether in his opinion it would ever be possible under the present system to put all the employable unemployed back to work. He read a quotation from a book written by Thomas Carlyle in 1841, wherein Carlyle stated that he had no magic pills to correct the ills of his day, and the minister added, "I will say to the hon. member that I have no magic pills to correct the evils that obtain to-day." I do not place much value on magic pills; but I say that the Minister of Labour should by this time have made a careful analysis of our economic system so that he could tell the people exactly what is wrong; that it is the uncontrolled manipulation of our present monetary system by private individuals which has created these conditions, and that in order to do away with this circumlocutory system which exists we must cease going to private bankers and private money lenders and borrowing at interest money which is paid back to them time and time

again. As the hon. member for Kootenay East (Mr. Stevens) has pointed out, provincial governments, municipalities and private citizens have borrowed money, paid it back, and yet find themselves owing as much or more than the amount they originally borrowed. The same thing holds true of many other countries. In New Zealand the prime minister, speaking with respect to the functions of governments and bankers, says:

> They were not going to run the banking system of New Zealand. He was not a banker. His job was to outline the policy that would solve the problems facing New Zealand and the job of the bankers was to provide credit and currency sufficient to give effect to the will of parliament. Otherwise the banker was master and not the representative of the people.
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> Away back in 1879 they raised cash in New Zealand to the extent of £4,364,000 and fifty years later they were owing £5,599,000 odd. They had been paying interest on the original sum for over half a century and they owed more than at the beginning.

I want now to place on Hansard a statement made at the time that Thomas Carlyle was writing his book, a statement made by Sir Robert Peel, Prime Minister of Great Britain from 1841 to 1846. He remarked that increased demand for manufactures would only increase machine power, and Punch at that time, nearly one hundred years ago, showed great prophetic vision when it commented upon Sir Robert Peel's remarks as follows:

> Machinery in its progress has doubtless been the origin of a terrible calamity. It has made the strong man so much live lumber. But as we cannot go back and must go on it is for statesman and philosopher to prepare for the crisis that is as sure as the morning light. How, when machinery is multiplied as it will be, a thousandfold; how, when tens of thousands of hands are made idle by the ingenuity of the human mind; how, when comparatively speaking there shall be no labour for men; will the multitude lie down and unrepining die? We think not. We are not sure. There will rise—and already we hear the murmur—a cry, a shout for the adjustment of interests, a shout that, hard as it is, will strike upon the heart of Mammon and make the spoiler tremble. We put this question to Sir Robert Peel: If all labour done by man were suddenly performed by machine power, and that power in the possession of some thousand individuals, what would be the cry of the race? Would not the shout be "Share, share"? The steam engine, despite themselves, must and will carry statesmen back to first principles. As it is, machinery is a friend to the poor; the time will come when it will be a beneficent angel.

We know how impossible it is for individuals who are unemployed, yet employable, to find work to-day. When they knock on the doors of industry they are told that sufficient is already being produced without their labour, and we know to-day that industry is unable to sell its products. Indeed, industrialists have resorted to selling products on what is known as the instalment plan. All the wonderful production of our machines we find placed on the market, a dollar down, and a dollar or a dollar and a half a week, or whatever it may be. If industry cannot sell its goods to-day without resorting to such methods, what is the use of increasing production? Industrialists realize that it is of no use increasing production unless you increase the purchasing power of the masses. I have here what has been suggested by a business man in the United States, a man who recognizes that the purchasing power of the people must be increased if we are ever going to be able to buy the products of industry:

> The generosity of Harvey Gravell, wealthy Pennsylvania manufacturer, has won him friends, praise, and publicity. Last New Year's he gave $90,000 to his employees, so they could pay off all their debts. This Christmas he is giving a $300 bonus to every woman in the family of one of his workers—a total Christmas present of $75,000. "I think the little woman contributes much to her husband's success and deserves a reward." Having made many friends on most front pages, manufacturer Gravell now pops this plan out to his large audience: The government give an annual dividend of $250 to every registered voter in America. That sounds a bit wacky, such open-handed giving away of money, but Mr. Gravell goes on to tell you what happens to your money anyway, and then his plan does not sound so nutty. As it works now, I put my money in a bank for safekeeping, the bank lends my money to the government, then to pay interest to the bank the government taxes me to pay interest on my own money. Who is loony now?

Many hon. members on the opposite side have been talking about this $25 dividend. They think it is remarkable that a government should declare that a dividend can be paid to its people. But I say this—and I say it without fear of contradiction from the minister himself—that it is financially possible to give every citizen in this country a $25 dividend. He may question the soundness of such a course; he may suggest that it would destroy the morale of the people or that it might encourage laziness; he might put up some such argument. I do not believe there is any question in the minister's mind about the physical possibility of providing goods and services to back up such a sum of money; and this is not remarkable when one considers that financial institutions, banks particularly, through the shareholders who associate themselves together, producing nothing themselves, are able to pay handsome dividends. If they are able to do that, why should it be deemed remarkable that the

government of a province—the government of Alberta, for example—should suggest to the people of that province that by associating together and controlling their own credit and producing wealth, and being prepared to produce it, they could pay dividends to themselves. We know that it would take an increase in the amount of money to pay dividends to the people; but we know that precautions can be taken to prevent the evils of inflation, and we know also that the velocity of circulation would possibly increase and that it would not take as much as many believe it would to pay a dividend of $25 to every citizen in Canada. We know that if the people of this country were prepared to support the issue of dividends by their willingness to render services and produce wealth, such dividends are possible in this country.

We know that thousands of fishermen on both coasts are on relief; that thousands of fruit growers are not putting in new trees because they are unable to sell the fruit from the trees they have; that our lumber industry has slowed down; that our cement plants are closed or running part time; that our mines in the west are not turning out all the coal which could be produced; that we are not utilizing all the power which is developed in Canada to-day or taking steps to utilize our natural resources to the extent that is possible if our system of economics were properly ordered. We know that physically it is possible to provide the citizens of Canada with a high standard of living, but the present financial system prevents this. People are turning from the present monetary system, realizing that they cannot borrow themselves into prosperity or tax themselves into prosperity.

I turn for a moment to the housing problem. I know that the government attempted to put men back to work by encouraging the erection and repair of homes. Fifteen million dollars have been borrowed from the banks, but what does that amount to in comparison with the tremendous need of housing facilities in this country? Fifteen million dollars could be spent in Montreal alone in slum clearance, and the mess would not be cleared up. I expected, when the Prime Minister (Mr. Mackenzie King) said before the election that money would be appropriated for a national housing scheme, that money would be issued by the Bank of Canada in sufficient amount really to solve this problem. But that did not take place. On the contrary, an agreement was entered into with the private banks whereby $50,000,000 could be loaned to the people of Canada at a rate of 6·32 per cent interest, although in the great republic to the south and in New Zealand money for this purpose is provided at four per cent and less. Not only did we allow the private banks to collect 6·32 per cent interest, adding to the private debts of this country, but we guaranteed them against loss up to $15,000,000. The government is throwing the responsibility for the unemployed upon the individual citizens of the country, asking them to go further into debt without assuring them that the government is taking steps to remove this paradox of starvation in the midst of plenty.

I hope the news we hear is true, namely that the minister intends to bring down a bill which will provide for more than a mere alleviation of the situation, for something of a permanent nature, a real attack on this problem. If he engages in a scheme of public works, and if other departments of the government encourage industry, develop foreign trade, explore every possible avenue to improve the employment situation, I believe that it will not be necessary to carry on such public works indefinitely; that the time will come when public works can slacken off, because these men will become absorbed in industry. But until such time as industry is able to absorb all the unemployed who are employable, it is the duty and responsibility of the government to provide for their needs —and not with borrowed money. It is time for the government to take over the issue and control of money, not to wait for seven years or for any other period. It is not sufficient to have control of fifty-one per cent of the shares of the Bank of Canada, or to have the power to appoint a majority of the board of directors. What we want is a government which will change the policy of that bank, and take control of the issue of money and credit and so order it that there will be sufficient for those who need it in industry, and sufficient purchasing power in the hands of the people to enable them to buy the products of industry and the services which can be rendered by the citizens of Canada to each other.

The minister referred to relief rates. He said the employment commission had recommended that some of these rates be cut down.

The CHAIRMAN: I regret to interrupt the hon. member, but his time is exhausted.

Mr. LANDERYOU: It will take me just one moment more, Mr. Chairman. I want to refer to the relief rates which are paid in these municipalities, and which the minister stated were competing with wage rates. I ask the minister if he will place on record

the relief rates paid that are competing with wages, the highest relief scale paid anywhere in Canada, and the relief rates in force at present in the two largest cities of each province in Canada. If he will do that, we shall be able to make a comparison and see just in what areas the relief rates are competing with wage rates, because such a situation does not speak well for conditions in Canada, nor does it speak well for the record of this government.

Mr. R. J. DEACHMAN (Huron North): I found the report of the national employment commission particularly interesting. The last six pages are a mine of useful information on the distribution of the national income in the Dominion of Canada. As I turned over the pages of the report to-day, I noticed this peculiar fact, that the civil service now takes 1·52 per cent of the national income, which is thirty-eight per cent more than in 1926. Then I turned back to page 110, the last page of the report, which seems to be the natural place for them to put the farmer, and I found that after adjusting the gross figure to the net, the farmers' income now constitutes only 7·5 per cent of the national income. So, if in Canada we had five times as many civil servants as we have, they would be receiving a total income greater than that of the 728,000 farmers who produce so much of the national wealth of the dominion.

Let us turn back and look over these pages, because they reveal some very interesting things about the distribution of our national income. The other day I mentioned that the wages of money had declined; in fact, the wages of money and the earnings of the farmer apparently are the only two things in the dominion which have declined in the last few years. The wages of money, or the real value to the receiver of interest, stood at 100 in 1926, and according to this report it had dropped to 97·8 in 1936. I mentioned the income of the civil servant, based upon the proportion which he took of the national wealth; but when we come to the purchasing power in 1926 dollars of the average earnings of the civil servant of to-day, we find that he or she is getting 24·6 per cent more than he or she received in 1926. In the average earnings of the manufacturing industry the change is not so great. Based upon the 1926 level the worker receives 108·6; but, as is usually the case during a period of relatively hard times, the salaried gentlemen, the brass hats of industry, are drawing 12·1 per cent more than in 1926. In regard to the employees of the railroads, their rate is 17·4 per cent above the 1926 level. At no time since that year have they fallen to the 1926 level, and for the last three years their figure has stood, first at 114·4, or fourteen per cent above the 1926 level; than 11·7 per cent above and now 17·4 per cent above. In regard to the farmers I mentioned that their income had fallen to 7·5 per cent of the total national income; but if we turn to the purchasing power of 100 units of farm products we find that on the basis of 1926 equalling 100 they paid 144·2 for 100 units of manufactured goods in 1932. In 1933 they paid 137; in 1934 the figure stood at 124. Now it has dropped to 106·1.

I wonder where the hon. member for Greenwood (Mr. Massey) is. I should think this would appeal to him. He was cradled on the sheaf carrier of a Massey-Harris binder. He is familiar with these implements. He ought to be in intense sympathy with the farmers in Canada to-day. He has a face which indicates that at least he has some of the milk of human kindness, even though he did not come from a farm. But this much is certain; when he looks at these figures he sees the condition of agriculture growing worse, while industry manages to keep up. I often wonder why these men who have been so closely associated in an indirect way with agricultural industry, do not pause to reflect upon the conditions existing to-day. I wonder why they fail to realize that the greatest thing that could possibly happen for manufacturing and industry of every kind in Canada is not, as the hon. member for St. Paul's (Mr. Ross) said to-night with upraised hands—Stop dumping; do not let goods come in, but keep everything out. Rather it is that there should be a larger measure of freedom of exchange, so that the farmer might exchange the products which he produces for the products of the manufacturer. Thus we could restore industry once more to a normal balance.

What are we doing in regard to this question of unemployment? It strikes me that everything we have done since 1930 has been done with the idea of causing unemployment rather than curing it. I suggest that we attack the problem from a slightly different angle. We have been making a frontal attack; we have attempted to cure unemployment by digging up jobs for men, which is just about as good a means of causing unemployment as one could possibly devise. I suggest that we move a little to the rear, or to the right or left flank, and see if we cannot make an attack from an angle different from anything we have had before. The remedies we have tried, as I have stated, are all specific causes of unemployment. What are they? Well, in 1930 we started with higher tariffs, and we continued with higher

tariffs in 1931 and 1932. In 1933 we were still keeping them up; the same was true in 1934 and 1935, and we are still a long way from reducing them sufficiently to meet the situation existing to-day. Not only did we use tariffs; we used embargoes and restrictions. In fact, for a number of years the house has carried out the policy which was laid down a few years ago by the present leader of the opposition (Mr. Bennett), who was then also in opposition, when he said:

> All we endeavour to do, Mr. Speaker, is by every legislative means within our power, to use the words of a great Englishman, and with the tools that are in our hands, whether they be tariffs, regulations, bonuses, drawbacks, or bounties, to bend our efforts to one purpose and one purpose only, namely, to make the Canadian people a strong and virile nation, developing their own resources to the limit of their ability and thus become entirely economically independent of foreigners, whoever they may be or wherever they may be found.

If that is not running pretty close to the gospel of absolute exclusion, so far as trade is concerned, then I do not know what it is.

What did we do with the problem? Having blocked the channels of trade, restricted imports, checked national development, expanded the deficits on our railways and increased unemployment, we had to find more money. And so the sales tax of one per cent in 1930 moved up to four per cent in 1931. Then it went to six per cent in 1932. Meanwhile, in the ranks of the army of restriction the sales tax had been joined by a one per cent excise tax in 1931, and a three per cent excise tax in 1932. The three per cent tax was cut to one and a half per cent in 1934. In 1936 we reached the peak, with an eight per cent sales tax.

I now come to the practical suggestion I wish to make in regard to a solution of the unemployment problem. We have tried all these remedies; we have tried tariffs and taxes and public works of different kinds. Public works are only another means of creating unemployment, and the more money we spend upon them, unless they are real, productive public works, the more unemployment we shall have. I suggest to the Minister of Finance (Mr. Dunning) a striking and bold course. We have an eight per cent sales tax. Each one per cent of the sales tax takes $18,000,000 from the Canadian people, so far as the revenue of the country is concerned. But as the sales tax is pyramided, each additional one per cent will carry with it an additional pyramided tax—I do not know how much, but possibly one half of one per cent. In other words, when we have a sales tax of eight per cent, by the time it reaches the consumer it takes from the Canadian people approximately twelve per cent.

Let us reduce the sales tax boldly, at one stroke, by three per cent. Measuring it only as a payment of revenue, that would give a total of $54,000,000 to be added as purchasing power of the Canadian people. But allowing for the fact that it is pyramided, it would give an expansion of $80,000,000 of purchasing power to the people. Would not an addition of that much purchasing power improve business conditions in Canada?

Do hon. members think that by an expansion of public works or by the building of highways over which very little traffic would pass they could attain the improvement which would come through the remission of taxes? Do hon. members realize that public works—highways, or whatever they may be—unless they have an exchange value with the Canadian people more than equivalent to the cost of production, bring about a condition whereby, with every dollar expended upon them, you are decreasing instead of increasing the total volume of employment in Canada?

Further, by a reduction of the sales tax you spread the benefits over the whole nation; it is diffused. It is of more benefit that the construction of a road in some remote spot in northern Ontario. It is not spent on a useless building in a city, or on a public institution. It is something which is diffused throughout the nation, from the farthest point in British Columbia clean down to the maritime provinces. Would that not add to the volume of business throughout the dominion? Would that not improve conditions? "Oh, but," you say, "it will lead to a deficit!" Yes, it may—or it may not. It might lead to such an improvement in business that the deficit would be overcome. But if you expend the money in any other way, what do you do? You have a deficit, the only distinction being that you have practically nothing for that deficit, whereas by the plan I suggest there would be an improvement in business conditions throughout the nation. Not only is the benefit diffused throughout the whole area, but it reaches every class in the community. Of what value is a public building, or a highway in the north, to the farmers in my constituency who are drawing such a small share of the national income? I speak for the farmers in my own constituency, of course, but when I do so I speak for all farmers in Canada. How can you help them in any way other than the one I have suggested?

My method would reach not only the farmer, but the manufacturer, because the manufacturers are always talking about in-

creased volume, and I believe there is something in the argument that increased volume of business brings about lowered costs, enabling them to meet competition and to increase the extent of their business.

Let us for a moment consider the table of the national income. At page 22 we find a comparison of the national incomes of Canada and the United States. This has been prepared on the basis of an index number. If one takes that index number and looks down both sides of the table he finds that in almost every year the national income in Canada is at a relatively higher point than it is in the United States. All their efforts to improve the conditions of the people of that country by a reckless and generous expenditure of money have fallen flat. Without that reckless expenditure in Canada we have made more relative progress than they are making. I venture to say that anyone reading the records as they affect the United States to-day will be convinced that they stand in a much more dangerous and uncertain position than we do. They have more unemployment, more unrest and more trouble, by far, than there have been in Canada. I attribute a great measure of the difference to a saner attitude on the part of Canadian labour; but undoubtedly one of the chief factors has been the sounder basis we followed in Canada during those years when we had lower tariffs, permitted a greater volume of increase in our export and import trade, and thus helped in the development of the nation.

In the United States to-day they have recovered only 64 per cent of their 1929 level of export trade, while we have recovered 94 per cent. To-day the leader of the reconstruction party (Mr. Stevens) mentioned the fact that he did not expect a development of trade to cure the problem. Well, the hon. member was always a pessimist. Back in 1936 he said the same thing, because I find that at page 1825 of Hansard he used these words:

> Here again we have an indication that the government is resting its hope of a solution of the Canadian economic and social problem of to-day upon the time when there will be a normal revival of trade.

He was pessimistic then. The export trade of Canada at that time was valued at $838,000,000, and it is now $1,124,000,000, or an increase of over 30 per cent since 1935. We are making progress.

Let us turn to the comparison of national incomes, as it is set out at page 110 of the report. In this connection there is a problem I should like to place before the committee. In 1936 our national income was stated to be $4,062,000,000. But the price level is now down to 80, so that with an income of $4,062,000,000 the purchasing power on the basis of the present price level is equal to the purchasing power of a national income of $4,930,000,000 in 1926. So that, actually, in purchasing power our income to-day is higher than it was in 1926. Will the committee tell me why we are not as prosperous to-day as we were then? I have the answer, and I think it is a sound one: It is because we are taking too much from the Canadian people in taxation, because our tax rate is higher than our capacity to bear, and because the tax rate is bearing down so hard on industry that, unless we reduce it in some way, we cannot hope to make the progress we ought to make.

I am going to quote one or two distinguished examples of men who hold a similar view. Take Henry Ford. He is the one outstanding manufacturer on the American continent who has recognized the fact that there are times when the best course is to strike out boldly, take the risk of a deficit, lower your price to the point where profits vanish, and trust to the increase in sales to make good.

There is another outstanding example, the American Telephone and Telegraph Company, the Bell Telephone Company here. They extended their lines, entered new territory; then they proceeded to develop their service at a lower cost, and they have given singularly efficient service at a reasonable price.

From the political standpoint the policy I suggest was always the policy of Gladstone, to look forward to expanding trade, to the development of the commerce of the nations of the world, and I ask this government and the Minister of Labour, and I would ask the Minister of Finance if he were here, to take their courage in their hands and strike out boldly. Remove three per cent from the top level of the sales tax. Knock off the old excise tax, which is a tariff in disguise, and if there is anything in national economy that is contemptible, it is a tax disguised and called one thing when it is really another. Going a little further, lower these impossible tariff barriers the first time the opportunity comes along, and that, to my mind, will be in the next budget. Going forward from that, we can have faith and courage, because we shall know we are on the right road and are on a sound basis. Then Canada will prosper because it has the men and the physical characteristics which make the men who know how to produce goods if only they are given the opportunity.

Mr. GORDON GRAYDON (Peel): Mr. Chairman, in rising to take part in this debate relative to unemployment and agricultural distress, I do so with a full recognition of the problems that are involved in these two questions, which make us realize that they are of transcendant importance to the people of Canada as a whole. I believe the vast majority of the people of Canada are of the opinion that the problems of agricultural distress and unemployment, touching as they do the very roots of agriculture and industry, should receive prior consideration over any other problems with which the house is called upon to deal. Nothing short of a deliberate plan, a sustained attempt and concerted action on the part not only of governments, but also of the Canadian people cooperating with governments, will make any effective headway in a solution of these problems with which we are faced.

Members of this committee will recall being in the house in 1936 when the national employment commission was launched into action. Whatever may have been the motivating influences so far as the government was concerned, there was the transfer of this responsibility from the shoulders of the government to the shoulders of the commission it appointed. Whether it may have been an advisory commission or whether it may have had some administrative powers as well, the public, rightly or wrongly, gained the impression and had the belief that in the setting up of this commission there lay some hope of the unemployment problem being solved through its efforts and that of the government itself. They felt that ways and means might be found through the work of the commission for curing the cancer which had grown up in our body economic and in our body politic.

As a new member of this house I was greatly impressed with the possibilities of the commission when it was first appointed. I, along with other members on the opposition side of the house, was willing to give the commission a fair chance; but we all realized this, that in any cooperative effort the responsibility actually lay upon the shoulders of the government itself, and, Mr. Chairman, it must still lie there.

Statistics, of course, form a valuable foundation from which the problem may be attacked, but statistics themselves will not solve the problem. The problem cannot be solved on any such narrow ground as that, and we are still awaiting satisfactory results from the appointment of this commission by the government.

The speech of the Minister of Labour (Mr. Rogers), eloquent and well delivered as it was, and most interesting so far as its facts were concerned, should have been in my opinion the cornerstone upon which this nation through the government might have built its unemployment and agricultural distress policy. But I must admit, with all due regard for the Minister of Labour himself, that I was not able to find in it in any plain terms a governmental policy which would be worth while in solving either of these two problems which we have in our midst, and I think everyone found it impossible to find in the detailed account of his speech in Hansard any real solution or any real policy which would go far to remedying our agricultural distress and our unemployment problems.

May I say that it was not very encouraging to me or to the people of Canada, I believe, to hear the Minister of Labour say that, after all, unemployment insurance and the other social legislation which we have been expecting for some considerable time since this government took office would have to wait until such time as the commission on dominion-provincial relations would report to the house. In sporting circles they call that sort of thing shadow boxing, and for want of a better term I am going to apply that description to the minister's efforts with respect to the matters he dealt with in his address.

There is seldom any real reason for the appointment of the commissions we have had since I came into the house. We are sent down here by the people as their representatives, some of us to govern the country, and some to assist in that government by way of criticism and other activities. But, in addition to being sent down here, we are paid by the people to do that job. If that job is too big for the government and the elected representatives of the people of this dominion, then it is our bounden duty to see to it that the people know it, and know it soon, because we have no right to expect them to pay twice for the government they are sending us down here to give.

I pay this compliment to the Minister of Labour and the government and the members of the House of Commons, that I believe there are just as good brains and just as great a capacity and intelligence in this house as on any of the commissions which so far I have seen appointed in Canada. The commission form of government is, in my opinion, open to two or three grave objections. One objection I should like to note is that the commission is too far removed from the people themselves. The second is that there is the

great danger, of which we have ample evidence, of serious delay in the presenting of its report, and this commission is no exception in that regard.

In addition, there is always the possibility that a government may attempt to still criticism against it by referring to the fact that the matter is under consideration by a commission which will report in due course. One commission dealing with a subject of this kind is bad enough; but when there are two commissions whose reports must be waited for, that is going just a little too far as regards the commission form of government in this country. There used to be in Toronto a belt line railway. Perhaps a number of hon. members will remember that old railway which went around the city. You got on at one point, paid your fare and made a circle right around until you arrived back where you started. Riding on these old street-cars, you had, when you came back to that original point, to pay another fare or get off. So far as this government's policy with respect to unemployment and agricultural distress is concerned, I would liken it in some respects to the old belt line railway. When the people of Canada have taken that circular ride and come back to the original starting point, they will not pay the fare; they will not get off; but they will change the motorman and the conductor who are running the line.

Pursuing this analogy a little further, may I point out this sequence. Prior to the election of 1935, the Liberal party sought a mandate to cure these cancers in our economic and political body. They received that mandate in the election of 1935. They then proceeded to form a government. The government decided to appoint a national employment commission. Then the national employment commission started to work. Afterwards, before the report of that commission was brought down, we had another commission, the royal commission on dominion-provincial relations, but still no report. Later there came the report of the national employment commission, which represents the stage we are at to-day. Now we are asked to wait until the royal commission on dominion-provincial relations has made its report before any real, strategic move can be made to deal with this great problem. I predict that when the Rowell commission's report has come in, the government will again meet and discuss it; a decision will be arrived at that nothing can be done about this question until the people have been again consulted, and another election will be upon us. In other words, we will have travelled all around the circle of the old belt line with regard to unemployment and agricultural distress, and will be back exactly at the place we were when we started out.

The report of the national employment commission does not, in my opinion, present a true picture of our national difficulties. Few hon. members represent a constituency more normally prosperous or better balanced than that of Peel.

Some hon. MEMBERS: Oh, oh.

Mr. GRAYDON: I shall except the constituencies of all those gentlemen who have said, "Oh, oh". The condition of the people in the constituency I represent shows the scars of unemployment and agricultural distress and the depression in general to an extent which I confess I do not like to see. I shall hand to the Minister of Labour to-night a few photographs taken in a southern part of the constituency of Peel, showing some of the housing conditions with which we are faced in a township at the lower end of that constituency. These pictures were given to me by an unemployed man who has been on relief for quite a long time. The visits which most of us have made from time to time to these poorer homes have familiarized us with conditions in a much more vivid way than the figures and statements of the national employment commission could possibly do.

Few hon. members live more closely in contact with the working man and his family than I do. If I were given to boasting I think I would boast about my position in that regard; for only those who day by day, week by week, and year by year are up against the facts of unemployment and the consequences which follow in homes and communities affected by it, can really understand the nature and magnitude of the problem. As one sees day after day the effects of the depression, I often wonder, great as were the trouble and distress inflicted on the country by the great war, whether the scars and wounds of that struggle were so very much worse than those which have been left by this tremendous depression which has struck not only Canada but the world at large. One can hardly view such conditions and go into homes where such conditions are to be found without having brought to mind the words uttered by Abraham Lincoln after having seen a female negro slave sold in one of the southern slave markets of the United States. What he said to himself at that time, as subsequently recorded by a great historian, was, "If I ever have a chance to hit this thing I will hit it hard". And he hit it hard, so

hard that he saw the end of slavery in the United States before his life was tragically cut short in the president's chair years after. So I say to this government and to the Minister of Labour that this problem is ours. It is our job and a bounden duty we must discharge to hit it hard, hit it soon, and hit it often.

But the employment commission's report does not deal with all the major matters which are confronting us in this respect. Low wages have had a most undermining effect upon our morale and upon the condition of the people. Surely it is not expecting too much of a young and promising country such as this to see to it that everybody in the land shall have a decent living wage; that they shall have decent homes in which to live, a goodly measure of life's blessings, and some security in their old age. But there is no help for the low wage man in the national employment commission's report. I say to the Minister of Labour that people of that unfortunate class richly deserve something more at the hands of the government.

Before I come to a discussion of unemployment insurance and a national minimum wage scheme, I desire to make reference to the phase of the report which was a majority recommendation, advocating dominion administration of relief. As I said in the earlier part of my address, there are difficulties, serious difficulties, in respect of employment in some parts of the riding which I have the honour to represent. I notice that the report of the commission goes so far as to recommend in general terms that something more should be done by the dominion government towards taking a fair share of the load of responsibility of relief payments; it goes so far as to suggest that relief payments might be taken over by the dominion government in cooperation with a national unemployment insurance scheme. I am quite conscious of the possibilities in regard to the national government taking over the entire cost of relief. I can see, of course, possibilities perhaps of extravagance in administration. But surely it should be possible in Canada to place adequate checks on such a course and to see to it that the dominion government bears its proper share of the relief burden in this land, following out the terms of the report of the national employment commission. If these safeguards can possibly be made, the dominion should see to it that the municipalities are relieved of the burden which they are now struggling to carry.

We in this parliament from time to time vote large sums of money in connection with relief in western Canada. I do not believe that many of us would care to offer a word of opposition to this or of criticism to other parts of Canada, or would refuse to assist those parts which are in distress; for I am confident that the money is, in most instances, sorely needed. But I would point out to the minister and the government that emergent circumstances exist in other sections than western Canada. In some of the municipalities of which I have personal knowledge, the relief cost has become so great that actually the home and farm owner cannot bear the burden very much longer. It is no longer possible for men to sell real estate, at any rate in some sections of the province from which I come, especially in some of the urban or semi-urban municipalities, because no one wants to be burdened with the land and to pay the high taxes. Great sections of these semi-urban municipalities find themselves with plenty of land on their hands as a result of tax sales. In the township of Toronto in my district there were 1,200 people on relief in the month of March of this year. The taxpayers there are shouldering a burden which is now practically unbearable. I am told that during this spring the ordinary road work, which hitherto has been available in consequence of the provincial government's usual policy, is not likely to be had to the same extent as last spring. That increases the intensity of the problem itself. It has been suggested in some quarters—at any rate it is the information I have received—that many of the employable people on relief may have to be cut off or the mill rate of the municipality of Toronto township will have to be increased.

The minister, fair-minded as he is in regard to these matters, will see that either of these alternatives must be avoided if at all possible. There is a growing feeling throughout Canada, especially in many municipalities which are subject to these conditions, that the dominion government is not bearing its proper proportion of the relief burden. Not only is that feeling prevalent in the municipalities and generally throughout the dominion, but the premier of Ontario has also said that he holds the same view, and that almost makes it unanimous as far as I can see.

Sharing the views of the working men of my riding and of the dominion at large, I cannot refrain from expressing their keen regret that no provision has been made this session for a scheme of unemployment insurance or for some national minimum wage legislation. I have been hoping against hope that some time during this parliament some-

thing would be done. At the beginning of the first session I hoped that there would be some legislation in this connection, and at the second session I still hoped that something would be done. Now we are in the third session of the eighteenth parliament of Canada and no serious attempt is being made to put through an unemployment insurance measure. True, some negotiations have been carried on, but I say to the Minister of Labour in all sincerity that, in my opinion, he is not a very good salesman in relation to the provinces. If he were, he would have been able to sell the unemployment insurance scheme to at least some of the friends of his own party who do not seem able to agree with the terms of the proposal. No good salesman is ever discouraged so easily. I suggest to the minister that during the Easter recess he go back to the provinces and see if some measure of unemployment insurance, yes, and a minimum wage scheme as well, cannot be evolved which will be satisfactory to the dominion government and to the provinces, who now seem dissatisfied with the proposals made by this administration.

Back in 1919 unemployment insurance was mentioned in the platform of the Liberal party. I was glad to see that platform include unemployment insurance; but all through the years, from 1921 to 1930, no steps were taken to shift the unemployment insurance plank out of the Liberal platform and put it into the statute books of the dominion and to keep it there. During that time there was evidence of high wages, plenty of money, and so on, and apparently industry, labour and the government were in a position to contribute to an extent that they have not been since. But all through those years that golden opportunity was allowed to pass without being taken advantage of. May I say that the Prime Minister (Mr. Mackenzie King) must now be criticized for the course he took at that time, because opportunity knocks only once at the national door, and it was not opened on those occasions. In 1935 unemployment insurance legislation was initiated by the late Conservative government, and while they were criticized in many respects, one thing among others stands to their credit: They at least put an unemployment insurance scheme on the statute books for the benefit of the working man.

We have allowed two and a half years to go by since this government came into power. During that time there have existed conditions which, in consequence of armament programs and other international factors, have increased our trade and brought to fruition some of our hopes with regard to expanding business; and during some part of that period the industrial purse and the working man's purse would have been better able, than in the previous five years, to afford contributions to an unemployment insurance scheme. But after that experience of this period of mild prosperity the prospects are none too good for the immediate future, and still we are without the benefits of an unemployment insurance scheme in Canada.

I impress upon the Minister of Labour to-night, with all the earnestness and emphasis of which I am capable, the great importance of this matter to the national welfare and especially to the workers of Canada. May I point out to him that by the time the Rowell commission reports and the report is considered, and by the time the next election is held, it may be too late to bring in an effective scheme of unemployment insurance. I suggest that he give the most earnest consideration to this matter. May I go further. I have not yet been able to conceive why the Rowell commission was appointed only last year, because the same problems were facing us two years ago. The same problems that were facing us then are facing us now, but two precious years have elapsed and nothing has been done.

I attach no blame to the Minister of Labour as some may do, for bringing in other questions of national affairs and other matters in regard to unemployment, because all these things are in large measure bound up in one parcel. But when he states that the policies of this government are responsible for such expanding trade and increase of business as we have experienced, I respectfully disagree with him. I think there is no hon. member of this committee but would say that if the stimulus given to trade and business by the great rearmament programs throughout the world were taken away, any improvement which has resulted from the policies of this government would be a mere drop in the bucket.

We have in Canada fertile agricultural areas, great industrial centres, the basis of great primary industries, and an aggressive, ambitious and forward looking people. In other words, the Canadian people have all the material and equipment with which to work. All we need is leadership and a restoration of cooperative effort between governments and the people. A people working hand in hand with governments would stimulate a virile national pride in this country's future

the value of which could not be overestimated. To accomplish this, confidence must be restored in Canadian governmental institutions. This will come about quickly if the government moves forward to do something definitely helpful for the people it governs. Without mentioning all the things which might be done in addition to those I have already dealt with to-night, because time does not permit, I suggest that we proceed at once to cut down drastically the cost of government. Further than that, we should abolish government by commissions. We should live within our means and commence to retire our national debt. In addition we must lift the intolerable burden of taxation from the centre of our national life, the home. And not the least, we should abolish these nuisance taxes which irritate the people beyond measure. We should courageously attack the glaring abuses in our capitalistic system. We should preserve the home market for and advance the interests of the farmers and agricultural sections of our country. We must promote and preserve the jobs of the working people in Canadian industry. Also we should set out immediately upon a five year plan of national development and economic rehabilitation with the object of making Canada the best governed and most prosperous country in the world.

In conclusion, let us be prepared as a nation, and as individuals and communities and governments, to undertake a concentrated offensive against our national shortcomings and problems. We would then command the confidence of every class of our citizens, which is so essential. We would then discharge our obligations to the farmer, the working man, the man in business and the youth of our country. We would eliminate sectionalism completely and create a national spirit of unity which would make Canada what it should be, the envy of the civilized world.

Mr. E. J. POOLE (Red Deer): Once again we have before the committee Canada's greatest national problem. Time does not permit me to say to-night all that I should like to say on that subject. But I cannot condemn the government too harshly for the fact that in this third session of this parliament we still find them bankrupt of any real solution of this greatest national problem, to use the words of the Minister of Labour (Mr. Rogers). Again we are hearing platitudes and utterly inadequate palliatives. I have glanced over the report of this national employment commission. I did expect something would develop from it; but lo and behold, what do we find? Briefly this, that we are to solve our unemployment problem by becoming peddlers selling golly wogs to United States tourists!

An hon. MEMBER: And hot-dogs.

Mr. POOLE: That is another prize suggestion from the commission. Is that not constructive, after seven years of suffering by the people of Canada? Also they speak of youth training. Has the government any suggestions as to where the youth of the country could be absorbed in employment even if they are trained?

Mr. KENNEDY: They could sell hot-dogs.

Mr. POOLE: Also the commission recommend low cost housing. I have heard that proposal commended on both sides of the house, but I have not heard one hon. member tell the committee where the government is to get the money.

Mr. EVANS: Can the hon. member tell us?

Mr. POOLE: Yes; this group has told the house many times—by the use of our national credit; not by placing upon the state another chattel mortgage which children yet unborn must pay. Mr. Chairman, it grieves me, as one of the youngest members of the house, to sit here day after day during three sessions and see a government with an overwhelming majority, a government in which the Canadian people put their trust, without a solitary concrete idea for the solution of this problem. I challenge any hon. member on the government side to tell us what the solution is. Have the government any to offer? I have heard some suggestions as to reduction of taxes; reduce the sales tax, they say. On the other hand, hon. members say, We must have a balanced budget. To me it appears like a madhouse.

Mr. EVANS: Will the hon. member tell us what his solution is?

Mr. POOLE: Yes; I am only too glad to place our solution before the committee, and we fear no intelligent contradiction of it. This problem will never be solved until such time as we use our national credit. The problem is an economic one. Once again I ask the government what the purpose of an economic system is. Listening to the discussions here I wonder why the government do not have a provision inserted in our criminal code making it an offence to place on the market any scientific instrument or invention that would displace labour.

For hundreds of years men have been endeavouring to overcome the problem of scarcity, to do away with human labour, to

make life easier. Here in the twentieth century we sit in this modern parliament, with this gigantic machine at our disposal to bring about a better life and security for every man, woman and child in this vast dominion; yet we find men rotting in the bread lines of the country. If this were a temporary condition, one could well understand it. If it were because we had no place to put men, no work for men to do, again we could understand it. But we have the natural resources. Those are the facts which confront us; those are facts which even the government must admit. We have the natural resources. We have the need. We could initiate a scheme now that would mean the construction of 150,000 houses. The material is available here. The man power is here. The need is here. What are we waiting for? How can a democratic parliament sit here and do nothing? How can any party promise the people anything when we have given to somebody else the very thing which is essential if we are to fulfil that promise? If we were living in the days of 1742, in the age of scarcity, we might well understand the attitude of this parliament. In that age all men had to work or starve. But since the beginning of the steam age, since the invention of combustion engine, since electrical energy was provided by science, we have overcome the greatest problem which confronted mankind prior to that time; that was the problem of scarcity. But we are still basing our government policies on scarcity, while actually we are living in such abundance that it is embarrassing to the orthodox administrators in an age of plenty.

Many times I have said to the Liberal members of the house, and I say it again to-night: If you want to find the cost of unemployment in this country, I would advise you to leave at home your statistics and your costs in dollars and cents; find out what it has cost in human depravity. I wish some hon. members could have the experience I have had. How many hon. members have been in the soup kitchens across Canada? Maybe they do not want to go; maybe they have no sons there. How many have gone to seek a job? Have any of the Liberal members done that? One hon. member says, "ha, ha." Let me tell you, my friend, that you cannot laugh the problem out of existence. I challenge this government or any member of it to solve this problem without monetary reform. I say to my hon. friend that if he will go into the soup kitchens of this country; if he will go among the poor—and remember they are the only people not represented in this parliament—he will come back a more enlightened man and a far better member of parliament in terms of constructive suggestions to the government.

I have often wondered whether it is the Liberal party that is wrong or whether I am wrong; but every day in this house, no matter what the question, whether it be soldiers' pensions, whether it be old age pensions, whether it be public works, whether it be the building of highways or homes, everybody expresses a desire to do these things; and the strange part about it is that they even go on the public platform and promise to do them. The Minister of National Defence (Mr. Mackenzie), who is not in his seat to-night, made those promises in the recent by-election. Those promises were made in 1935. They said, "We will build homes." I wonder if the Liberal party is just waiting until it is a little closer to the next election, so that it can go to the people and say, "Well, we have started. Do not put us out now, because if the Conservatives or any other party come into power, they will just stop all this work." It is a crying shame that the people of Canada should be subjected to this duplicity and betrayal.

I often wish I were in the Liberal party, for one purpose only, that is, to tell the Liberal party in caucus just what I thought about their policies. Of course there is always this danger, that any Liberal who opposes the government too strenuously may not remain in the party. But I do not value my seat in the house unless I can make some contribution. We were sent down here to do a job, not to pussy-foot around or to make such asinine suggestions as to build up the tourist trade and sell trinkets to tourists in order to solve our unemployment problem.

The greatest asset of a nation is the youth of the country. We may feel quite safe and content to-night; but remember that prior to 1914 the people of Germany were just as democratic as we are; and so with the people of Austria. They loved their democratic institutions just as much as we do; but when the crisis which confronts us to-night confronted Germany in 1932, a man, whether rightly or wrongly, took the helm and made one appeal. That was to the youth of Germany. It will not be very long before some man will make an appeal to the youth of this dominion, and it will not go unheard. Democracy is fine, provided it is working. It is not working in Canada. In 1935 this government told the people they were going to do something. The government came down here and, in plain English language, it does

not seem to have the guts to do it. Listen to this: it is the Minister of Labour speaking, dealing with trade expansion:

> The government never suggested a cure for unemployment could be found in government spending on public works. It believed the true cure lay in expanding trade and expanding industrial activity.

Just let us give thought to that for a moment, and see how stupid it is. If we are depending upon foreign trade to absorb the youth of this country back into industry, I say we are going to fail. To-day Germany is producing more internally and becoming less dependent upon imports. Now, since Germany has taken over Austria, the same policy will prevail in the latter country. Japan is making its inroads into China, and will industrialize that nation. Every country in the world is marching towards economic nationalism, and personally I believe it is a sound policy. To me it seems stupid that before the people of Canada can consume part of their own goods they must sell the bulk of them outside the country. The greatest market we have is the home market right here. I can point to a million people in this dominion who could do with more clothes and who could eat more than they are getting. Thousands of children are suffering from malnutrition, while we are looking for foreign markets. Do not hon. members opposite think it is time something was done? It is time we checked up, and compared the orthodox with the new. Is it not time we faced facts, instead of blindly following some one who has no intention of doing anything?

I know more than any other hon. member what the depression has cost the youth of the country. I was one of them. I knew what it was, too, to seek a job. I waited anxiously for the government of that day to do something. What did they do?—the same as the present government is doing; nothing. That government did nothing, while those men spent the best years of their lives trying to bolster up their confidence in democracy and parliament. I am quite convinced this government will never move until its political solidarity is challenged, and I hope that in Saskatchewan this year we may see the Liberals get a sound licking. I would like to see them lose the majority in the legislature. Money will not win for them out there; it may have in the past, but it will not this time. The issues are too keenly felt in the minds of the people. I shall be in the field to do my best to tell the people that this government has failed to carry out its promises.

Hon. members opposite ask us what we would do. We would issue national credit. We believe that anything which is physically possible is financially possible. We believe, further, that an economic system must provide an abundance of all things for distribution to every man, woman and child, and we believe, further, that in an age of abundance every individual should have at least the same status as an animal, and should have security, food, clothing and shelter.

God did not give the big industries in Canada all the blessings they now have. They stole them, and cheated and chiselled the people out of them. Seventy-five per cent of the members of this house do not understand the greatest problem confronting them, namely, the problem of money power. They refuse to listen, because the views expressed do not meet with their approval. They are Liberals, who want to continue to be Liberals. They are progressives who continue to stand still and mark time.

Well, I believe I represent other views. Democracy suits me very well, so long as it works; but when my rights, and the rights of the generation to follow me are denied, I challenge it. When I see parliament refusing to do anything, and when I see the government pussy-footing around with the people, and fooling them, election after election, I for one will rise to my feet any day of the week and tell the government what I think of it. Either the government have not the intestinal fortitude to tackle the problem, or they do not know what the trouble is. I demand in the house to-night that the government bring in a concrete suggestion to absorb the youth of Canada into production. I demand for Canadians what the Liberal party promised them, namely, that they would bring about reforms, and that they would issue credit in terms of public need. Nothing short of that will satisfy the people of Canada; nothing short of that will provide a solution.

I should like to be like most members and speak in well modulated tones and in beautiful English. But my feelings are too keen. Many times while I sit in the house it is hard for me to restrain myself when I listen to hon. members discussing the vital questions of the day, and dealing with them in such an irrelevant manner. The problem is before us. It is a simple one, despite what professional economists may say. An economic system must produce goods of every variety. We have an abundance in Canada. We have youth, the greatest asset—human life. We

have a great nation with vast resources. In the midst of this we have need. Will one hon. member sitting opposite tell me why, with all these things, we cannot bring security to the people of Canada? Will any one answer that? I know my challenge will go unanswered, and I know that a year from to-day the unemployment problem will be exactly the same.

One hon. member said during the debate that relief scales were higher than wages. That does not say much for wages in Canada, does it? It does not speak very highly for that legislation designed to deal with wages, does it? Reading in the press a few days ago, I came across an item wherein two men appeared before a magistrate, charged with some misdemeanor. The magistrate heard the case of the older man and, because he believed he was a deserving character, sent him to gaol for thirty days. The younger man, not so deserving, he turned loose. Is that not a bright system which hon. gentlemen opposite are supporting? That is only one case, but there are hundreds of cases across Canada just like that.

Our gaols are filled with young men who should have been good citizens. They might well have been absorbed into our industrial life. The intellectual sources of the country are deteriorating in the breadlines, while parliament sits and talks about democracy, expresses sweet platitudes, and has not the intestinal fortitude to get down to the job.

We talk about expanding trade. One of our best customers is our neighbour to the south. To-day United States congressmen are raising the dickens because Canadian lumber, fish, potatoes and other commodities are going across the boundary line. They claim their unemployment situation has been caused through Canada selling on the United States market. Shortly we shall see barriers placed against Canadian goods, and as a result we shall have more unemployed. What provisions have we made for that?

Unemployment is not our greatest national problem. We must forsake, for all time, the orthodox; we must take courage to go into new roads and face the facts. If we do not, then the youth of this country will.

Mr. Speaker, it is eleven o'clock.

Progress reported.

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

END OF VOLUME II.